

WATFORD

WATFORD INSURANCE COMPANY EUROPE LIMITED



WATFORD INSURANCE COMPANY EUROPE
LIMITED

2024 SOLVENCY AND FINANCIAL CONDITION
REPORT

07 April 2025

SOLVENCY AND FINANCIAL CONDITION REPORT

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SUMMARY

Watford Insurance Company Europe Limited (“WICE” or “the Company”) is an insurance company authorised by the Gibraltar Financial Services Commission. WICE was originally formed and capitalized in mid-2015 to conduct business in Europe. The Company targets both personal and commercial lines of Property and Casualty (“P&C”) business in the UK and provides direct capacity to carefully selected MGA business partners.

WICE is a wholly owned subsidiary of Somers Re Ltd. (“Somers Re”, previously Watford Re Ltd), a reinsurance company licensed in Bermuda, and an ultimate subsidiary of Somers Group Holdings Ltd (“Somers Group”, previously Watford Holdings Ltd). Somers Group is wholly owned by Greysbridge Holdings Limited (“Greysbridge”). On July 2, 2021, Greybridge and its subsidiary, Watford Holdings Limited were acquired by Arch Capital Group Ltd. (40%), funds managed by Kelso & Company (30%) and Warburg Pincus (30%). On Nov. 4, 2021, Watford Holdings Ltd. changed its name to Somers Group Holdings Ltd. Reference to Somers Group herein will be a reference to the parent company of WICE and its ultimate parents.

Somers Re is a privately owned global property and casualty insurance and reinsurance company with operations in Bermuda, the United States, and Europe.

WICE carries a financial strength rating of “A-“ (Excellent) from A.M. Best Company, or A.M. Best, and “A” from Kroll Bond Rating Agency (“KBRA”).

This report sets out the solvency and financial condition of WICE in accordance with section 52 of the Financial Services (Insurance Companies) Regulations 2020 which has been approved by the board of directors.

Business, Strategy & Performance

During the year ended 31 December 2024, WICE wrote premium of £333.8 million (2023 – £253.4 million) and made a profit before tax of £2.4 million (2023 – £1.3 million). Premium written in the current year reflects growth in volumes compared to the prior year as well as general rate increases in the motor market during the first half of the year. The lines of business underwritten by WICE consist primarily of motor as well as some liability, property and pet risks in the United Kingdom, with the motor and pet insurance business in the Republic of Ireland now in run off. WICE furthermore operates a branch in Romania which provided motor insurance up to September 2020 and is now focused on an orderly run off of the remaining liabilities. In September 2024 the UK pet business went into run-off.

WICE continues to purchase reinsurance on the business it writes to protect the Company against adverse performance and to efficiently manage capital. Reinsurance is purchased in the form of Excess of Loss covers which provide protection against large losses in excess of agreed limits; and group internal Quota Share Reinsurance, which mitigates attritional losses and allows for efficient capital management. After consideration of the Excess of Loss and Quota Share reinsurance, the maximum retention for an individual claim for WICE is £200,000.

Systems of Governance

WICE has put in place a system of governance to ensure sound and prudent management of its operations. The system of governance is based on the principle of proportionality taking due account of the nature, scale and complexity of the operations.

WICE has continued to operate a largely outsourced business model and the Company's expenses therefore primarily reflect the charges from its outsourced service providers. In particular, company secretarial is outsourced to WICE's insurance manager, Artex Risk Solutions (Gibraltar) Limited ("Artex"). The Company also outsources certain finance, compliance (transitioned from Artex to Arch in Q4 2024), risk management, operational and management functions to subsidiaries of Arch Capital Group Ltd ("ACGL"). Outsourcing has the potential to create additional risk due to delegation of day-to-day control over the services. Therefore, there is significant focus within WICE's risk and governance framework on the oversight of its outsourced service providers.

WICE's Board of Directors at the end of the year comprised of eight Directors, including two independent non-executive directors. The board exercises direct oversight of all functions. In early 2024, the board approved the terms of reference for an Audit Committee to oversee the integrity of financial reporting and the internal audit function. In late 2024, the board approved the terms of reference for a Product Oversight and Conduct Committee with responsibility for overseeing Consumer Duty compliance and good customer outcomes across all product lines. WICE employs what it terms a "three lines of defence" model and the full governance structure is set out in Section B.

Risk Profile

WICE's risk appetite framework provides an expression of the level of risk the Company is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organization towards the desired level of risk. It not only supports the Company's risk management framework, it also enables WICE to make informed business decisions with due regard to the key risks to which it may be exposed by such a decision.

In general, WICE has an appetite for insurance (underwriting) risk and a tolerance for other forms of risk. The risk philosophy of WICE encompasses all major risks and focuses on attaining the following business objectives:

- Underwrite business that meets agreed targeted returns
- Underwrite business with selected MGAs
- Underwrite only carefully selected business lines
- Manage underwriting volumes in line with the business cycle
- Limit the downside risk such that the Company maintains a sufficient solvency margin

Valuation for Solvency Purposes

WICE prepares its financial statements in accordance with Gibraltar Generally Accepted Accounting Principles (Gibraltar GAAP). The Company's Solvency II balance sheet is prepared

on an economic fair value basis. The most significant differences between the GAAP and the Solvency II balance sheet arise from:

- Valuation of gross technical provisions
- Valuation of reinsurers' share of technical provisions
- Reclassification of insurance and intermediary receivables
- Reclassification of reinsurance payables and receivables
- Valuation of deferred costs

Capital Management

The Company's SCR coverage ratio as at 31 December 2024 was 160% (2023 – 177%), with Own Funds of £46.1 million (2023 - £37.4 million) and a Solvency Capital Requirement (SCR) of £28.8 million (2023 - £21.1 million). The Minimum Capital Requirement was £7.2 million (2023 - £5.3 million). Own Funds are composed primarily of Tier 1 funds (£45.7 million) with 0.1 million Tier 2 ancillary Own Funds taken into account (2023 - nil) and £0.3 million Tier 3 (deferred tax asset). WICE has a strong capital base, enabling the Company to meet its regulatory solvency requirements, and its business plan shows it remaining continuously compliant with the solvency requirements. In Q4 of 2024, the Company received a significant £6m capital injection from its parent to accommodate the projected growth in business whilst comfortably meeting its solvency capital requirement.

The Company has entered into a capital commitment deed with Somers Re which was approved by the Gibraltar Financial Services Commission in Q3 of 2021 and which allows the Company to take into account an ancillary Own Funds item of up to £13m up to a solvency coverage ratio of 160%.

SECTION A – BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Name and Legal Form of the Undertaking

Watford Insurance Company Europe Limited (“WICE”) is incorporated in Gibraltar (Registered Number: 112869) and is a company limited by shares. The address of the registered office of the Company is:

PO Box 1338
First Floor
Grand Ocean Plaza
Ocean Village
Gibraltar
GX11 1AA

This Solvency and Financial Condition Report covers WICE on a solo basis.

A.1.2 Insurance Supervisor and Group Supervisor

Insurance Supervisor

Gibraltar Financial Services Commission (GFSC)
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar
GX11 1AA

Group Supervisor

Bermuda Monetary Authority (BMA)
BMA House
43 Victoria Street
Hamilton HM 12 Bermuda

A.1.3 External Auditor

PricewaterhouseCoopers Limited
327 Main Street
Gibraltar
GX11 1AA

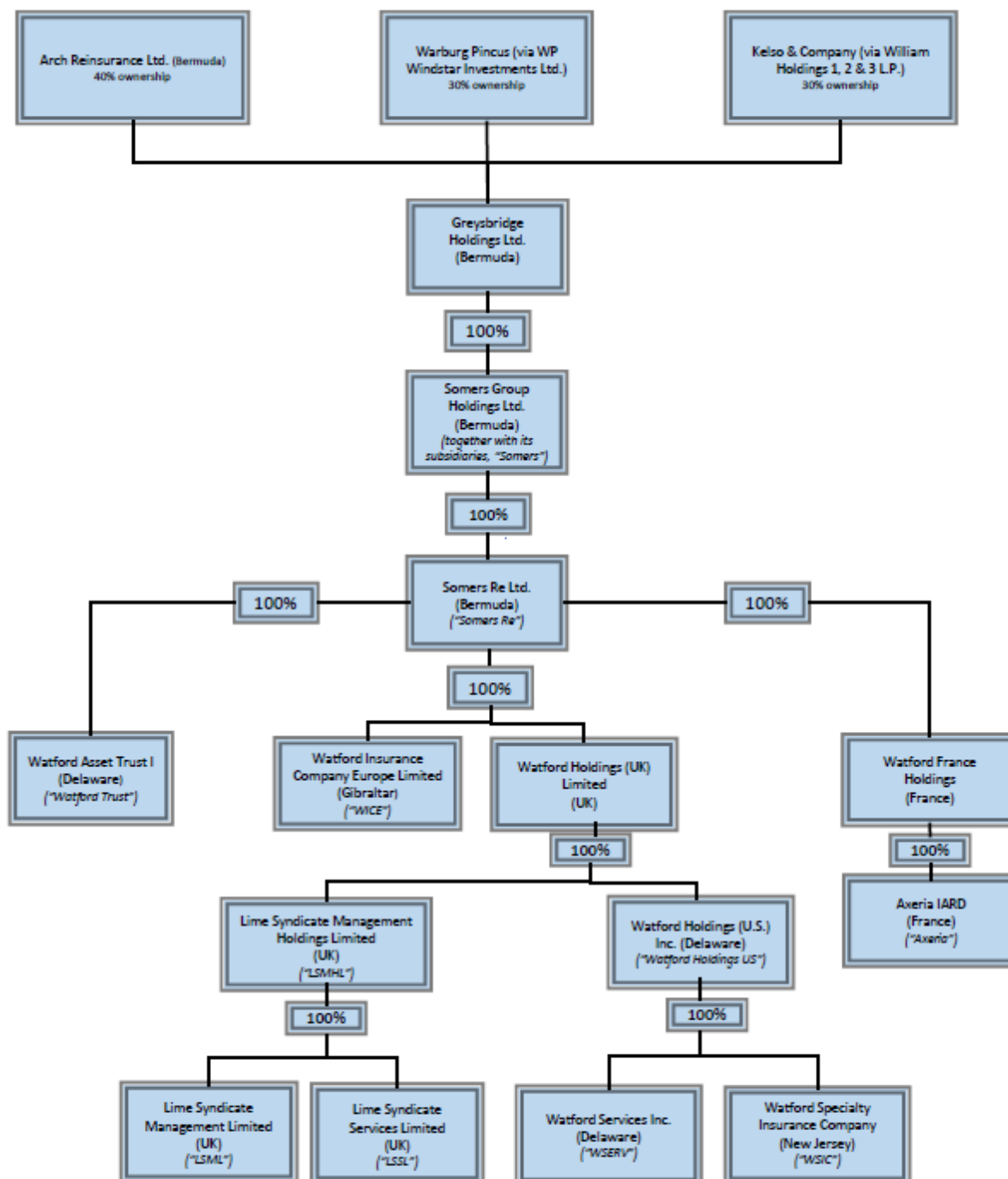
A.1.4 Description of the ownership details including proportion of ownership interest

Greysbridge Holdings Ltd, a company incorporated in Bermuda, indirectly owns 100% of the Company and it is in turn owned by Arch at 40% as well as Kelso and Warburg Pincus at 30% each. The Company therefore is ultimately owned by Arch, Kelso and Warburg Pincus collectively.

A.1.5 Group Structure

The directors regard Greysbridge Holdings Ltd., a company incorporated in Bermuda, as the ultimate parent undertaking and controlling party.

A complete organization chart of Somers Group and WICE's position in the Group can be found below. WICE operates one branch in Romania.



A.1.6 Material Lines of Business and Geographical areas where business is conducted

The following tables set forth summary information regarding gross premiums written, by segment and geographical region.

	As at 31 December 2024		As at 31 December 2023	
	£'000	%	£'000	%
Gross Premium	333,770		253,447	
Gross written premiums - territory				
United Kingdom	333,775	100%	253,604	100%
Republic of Ireland (EU)	(5)	0%	(157)	0%
Total	333,770	100%	253,447	100%
Gross written premiums - class				
Motor	282,876	79%	191,405	76%
Legal Expenses	37,116	10%	43,266	17%
General Liability	36,611	10%	2,666	1%
Miscellaneous Financial Loss	335	0%	15,987	6%
Assistance	169	0%	122	0%
Total	357,107	100%	253,447	100%

A.1.7 Significant Business or Other Events

As discussed throughout the report, inflationary pressures in UK resulted in significant rate increases particularly in the UK Motor market. This is reflected in our results (e.g. premium growth volumes). No other significant events to note.

A.2 Underwriting Performance

WICE predominantly underwrote motor business as well as property and liability risks in the U.K. All business is written via capacity made available to MGA partners. In early 2022, one long standing MGA entered receivership. The Company is now focused on aiding an orderly run off of the existing claims in that MGA. WICE further underwrote one small book of UK pet business during 2024 which went into run-off at the end of September.

WICE mitigates its risk through appropriate reinsurance arrangements comprising both Excess of Loss and Quota Share reinsurance.

Since the Company prepares its financial statements in accordance with Generally Accepted Accounting Practice in Gibraltar (accounting standards issued by the Financial Reporting Council of the U.K., including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the U.K. and Gibraltar and referred to as “GAAP (Gibraltar)”), the underwriting

performance information given in this section is on a GAAP (Gibraltar) basis. The following table summarizes the profit and loss account in GBP, by business line and geographical area, for the technical account for year ended 31 December 2024, with comparatives for 2023.

Premium written during the year increased by 32%, reflecting volume growth and rate increases across the motor market during the year. Loss ratios have continued to perform in line with expectations. WICE generated an underwriting profit of £1.2m and an overall profit of £2.3m after income and gains from investment activities.

Technical result by line of business

As at 31 December 2024								
	Total Motor £'000	Motor Liability £'000	Other Motor £'000	Property £'000	General Liability £'000	Miscellaneous Financial Loss £'000	Assistance £'000	Total £'000
Gross written premiums	282,876	254,588	28,288	36,611	335	169	13,778	333,770
Outward reinsurance premiums	(253,672)	(228,850)	(24,822)	(34,783)	(318)	(161)	(13,339)	(302,273)
Net written premiums	29,204	25,738	3,465	1,829	17	8	439	31,497
Change in the gross provision of unearned premiums	(28,923)	(26,031)	(2,892)	1,988	763	2,464	(9)	(23,717)
Change in the provision for unearned premiums - reinsurers' share	(35,234)	(20,462)	(2,151)	1,885	725	2,465	37	(17,501)
Change in the net provision for unearned premiums	(6,311)	(5,569)	(742)	103	38	(0)	(46)	(6,216)
Earned premiums, net of reinsurance	22,893	20,169	2,724	1,932	55	8	393	25,281
Claims incurred, net of reinsurance	(20,611)	(17,191)	(3,420)	(989)	(13)	(6)	(366)	(21,986)
Net operating expenses	(1,859)	(1,707)	(151)	(196)	(2)	(1)	(74)	(2,132)
Balance on the technical account	421	1,271	(848)	747	40	1	(47)	1,163

As at 31 December 2023								
	Total Motor £'000	Motor Liability £'000	Other Motor £'000	Property £'000	General Liability £'000	Miscellaneous Financial Loss £'000	Assistance £'000	Total £'000
Gross written premiums	191,405	172,264	19,140	43,266	2,666	15,987	122	253,447
Outward reinsurance premiums	(177,575)	(160,070)	(17,505)	(41,114)	(2,534)	(15,665)	(116)	(237,004)
Net written premiums	13,830	12,195	1,636	2,152	132	323	6	16,443
Change in the gross provision of unearned premiums	(48,397)	(43,557)	(4,840)	3,918	296	(4,375)	(5)	(48,562)
Change in the provision for unearned premiums - reinsurers' share	(45,386)	(40,926)	(4,460)	3,709	280	(4,339)	(5)	(45,740)
Change in the net provision for unearned premiums	(3,011)	(2,631)	(380)	209	16	(35)	(0)	(2,822)
Earned premiums, net of reinsurance	10,819	9,564	1,256	2,361	148	287	6	13,621
Claims incurred, net of reinsurance	(10,005)	(8,862)	(1,144)	(1,286)	(109)	233	(1)	(11,168)
Net operating expenses	(2,859)	(2,466)	(392)	102	28	538	2	(2,188)
Balance on the technical account	(2,045)	(1,764)	(280)	1,177	68	1,058	6	265

Technical result by geographical segment

As at 31 December 2024					
	UK £'000	Ireland £'000	Romania £'000	France £'000	Total £'000
Gross written premiums	333,775	(5)	0	0	333,770
Outward reinsurance premiums	(302,277)	4	0	0	(302,273)
Net written premiums	31,497	(0)	0	0	31,497
Change in the gross provision of unearned premiums	(23,836)	0	0	118	(23,717)
Change in the provision for unearned premiums - reinsurers' share	(17,611)	0	0	110	(17,501)
Change in the net provision for unearned premiums	(6,225)	0	0	8	(6,216)
Earned premiums, net of reinsurance	25,273	(0)	0	8	25,281
Claims incurred, net of reinsurance	(22,065)	111	(8)	(24)	(21,986)
Net operating expenses	2,077	54	0	(0)	2,131
Balance on the technical account	1,131	56	(8)	(15)	1,163

	As at 31 December 2023				
	UK £'000	Ireland £'000	France £'000	Romania £'000	Total £'000
Gross written premiums	253,604	(0)	(157)	0	253,447
Outward reinsurance premiums	(237,149)	0	145	0	(237,004)
Net written premiums	16,455	(0)	(12)	0	16,443
Change in the gross provision of unearned premiums	(48,742)	0	180	0	(48,562)
Change in the provision for unearned premiums - reinsurers' share	(45,908)	0	167	0	(45,740)
Change in the net provision for unearned premiums	(2,835)	0	13	0	(2,822)
Earned premiums, net of reinsurance	13,620	(0)	1	0	13,621
Claims incurred, net of reinsurance	(11,094)	(2)	(26)	(46)	(11,168)
Net operating expenses	(2,186)	40	79	(117)	(2,184)
Balance on the technical account	340	38	54	(163)	269

A.3 Investment Performance

At 31 December, WICE held high grade corporate securities and U.K. treasuries valued at £32.2 million (2023 - £31.1 million), with remaining funds of £14.7 million (2023 - £22.0 million) held in cash.

WICE reflects all investment gains and losses through the profit and loss account and does not hold any investments in securitizations.

The components of net investment income included in the statement of income and expenses are as per the table below:

	2024 £'000s	2023 £'000s
Fixed maturities	1,534	1,140
Term loan investments		
Equity securities		
Short-term investments		
Other	(199)	(56)
Gross investment income	1,335	1,084
Investment expenses	34	35
Net investment income	1,301	1,048

A.4 Performance of other activities

The following table summarizes the profit and loss account in GBP for the non-technical account for year ended 31 December 2024 and year ended 31 December 2023.

	As at 31/12/2024	As at 31/12/2023
	£'000	£'000
Balance on the technical account	1,164	269
Realized & unrealized foreign exchange (gains) / losses	(64)	(64)
Net investment return including in the non technical acco	1,301	1,048
Profit on ordinary activities before taxation	2,401	1,253
Tax on profit on ordinary activities	(131)	0
Profit on ordinary activities after taxation	2,270	1,253

Other income refers to underwriting fee income received from the MGAs.

A.5 Any other information

There is no other material information to report regarding the business and performance of WICE.

SECTION B – SYSTEM OF GOVERNANCE

B.1 General Information on the system of governance

B.1.1 Overview

WICE operates with a corporate governance structure consisting of the main Board of Directors (the “Board” or “Board of Directors”) and audit and Product Oversight and Conduct sub-committees. The Company’s Board is responsible for overseeing, controlling and directing the activities of the Company. The Board retains primary responsibility for corporate governance within the Company at all times. Senior Management at outsourced service providers also play an important role in ensuring effective governance. Post year-end, the WICE Board also decided to form a Risk sub-committee with responsibility for overseeing the Risk Management Function.

The Board at the year end comprised of eight Directors, two of whom are also Officers of WICE’s parent company Somers Group, three directors who are employees of Arch Group, one director who is an employee of the Company’s insurance manager, Artex Risk Solutions, and two independent Non-Executive Directors. The Board of Directors as at 31 December 2024 was as follows:

- Liz Cunningham (Somers)
- William Soares (Arch)
- Sioned Butler (Somers)
- Katja Spindler (Arch)
- Mike Ellis (Artex)
- Morgan Peters (Arch) (appointed 30 January 2024)
- Yvonne Chu (Independent Non-Executive)
- Joseph Caruana (Independent Non-Executive)

Post year end, Pablo Morales was appointed to the Board as Executive Director and Head of Actuarial on 09 January 2025 and Mike Ellis resigned as an Executive Director on 10 January 2025.

The Company Secretary is Raphy Abergel.

The presence of Somers and Arch Officers on the Board ensures that the Company’s strategic direction remains aligned with the wider group and ensures there is continuous feedback between, and interaction with, WICE and its parent. This structure enables the parent and ultimate parents of WICE to retain an appropriate oversight of WICE’s operations and to ensure that the business is aligned with the group’s long term goals.

The presence of non-Somers Directors and independent non-executive Directors ensures that there is an appropriate element of independent challenge and oversight.

The Board exercises direct oversight of all functions of the Company including oversight over its outsourced functions albeit certain elements of those are now delegated to the Product Oversight and Conduct Committee from a Consumer Duty perspective. The Board sets the standards of conduct of the Company, provides direction and oversight, and promotes a culture of integrity.

The Board has recently approved the terms of reference for an audit committee to oversee the integrity of financial reporting and the internal audit function and a Product Oversight and Conduct Committee to oversee Consumer Duty compliance and good customer outcomes. Post year-end the Board have recently approved the terms of reference for a Risk Committee to oversee the Risk Management function of the business.

The Board operates under agreed terms of reference and has the following key responsibilities:

- Ensuring the integrity and reliability of the Company's finances, including
 - Approving the annual budget and business plan
 - Ensuring that the Company's capital and solvency position is maintained
 - Reviewing financial performance
 - Determining Directors' remuneration
 - Determining the dividend policy
 - Establishing appropriate accounting policies
 - Approving the appointment of the external auditor on recommendation of the audit committee
 - Monitoring the integrity of the financial statements and evaluating any significant judgements contained therein
 - Approving publicly reported documents
- Approving the underwriting strategy and policy and monitoring its implementation
 - Considering business opportunities and underwriting proposals presented by management
 - Overseeing the ongoing performance of all product lines and intermediaries/distributors
 - Managing intermediary/distributor relationship
 - Overseeing the implementation of the claims handling, reserving and settlement strategy
 - Setting the reinsurance strategy
 - Setting insurance risk strategy and appetite and limits
 - Monitoring and reporting on market trends and legislative and similar changes
- Approving the operational policies, including
 - Determining the strategic direction and objectives
 - Approving risk management strategies and policies, risk appetite and tolerance limits
 - Ensuring the effectiveness of the risk management framework, policies, processes and procedures
 - Establishing appropriate systems of control and monitoring their effectiveness
 - Approving significant ventures, partnerships, outsourced functions, disposals, acquisitions, alliances and any other transactions
 - Ultimately overseeing the internal audit function, their effectiveness and reviewing internal audit findings and recommendations on the recommendation of the audit committee

- Overseeing the actuarial function
- Ensuring compliance with statutory and regulatory requirements and its embedding into the culture of WICE, maintaining WICE's reputation and integrity at the highest possible standards
- Overseeing the performance of MGAs including monitoring of complaints to ensure that good customer outcomes are being achieved.
- Ultimately overseeing and ensuring compliance with the four outcomes of Consumer Duty
- Overseeing Operational Resilience compliance
 - Setting the investment strategy and monitoring investment performance
 - Overseeing, guiding and challenging the ORSA process and approving the ORSA report
 - Overseeing the calculation of the SCR and technical provisions
 - Overseeing the completion of QRTs, the SFCR and the RSR

B.1.2 Code of Business Conduct

WICE has adopted Somers' Code of Business Conduct, which describes our ethical principles. The full text of our Code of Business Conduct is available upon request.

B.1.3 Independent Control Functions

The Company has in place four key independent control functions as required under the Financial Services (Insurance Companies) Regulations 2020 which transposes the requirements of the Solvency II Directive into Gibraltar law. These are:

- Risk Management
- Compliance
- Actuarial
- Internal Audit

These functions are responsible for providing oversight of the business and for providing assurance to the Board in relation to the Company's control framework.

All key functions are overseen by Directors of WICE or senior members of staff from either Somers, Arch or Artex who are regular attendees at Board meetings, thus ensuring they all have the appropriate authority to carry out their roles and ensuring that the Board is fully informed of the discharge of the functions' duties.

B.1.4 Risk Management Function

The Risk Management Function is defined as a "Key Function" in Solvency II. For the majority of the year, the function was overseen by one of the Directors provided by Artex. However, in November, this individual moved to Arch and continues to hold the role.

The function holder is supported in their role by outsourced service providers, including Somers and AUL, who provide ongoing input into, and assistance with, WICE's risk management.

Responsibility for risk management at an operational level rests with the executive management, including outsourced service providers. Risk management is overseen by the function holder, who during the year reported to the Board on a regular basis. In addition, the Group oversees risk management. Post year-end, the Board of WICE have agreed the formation of a Risk Committee and this forum will oversee the Risk Management Function moving forwards.

B.1.5 Compliance Function

The Board follows the Somers Code of Business Conduct to ensure that the Company promotes an organizational culture that encourages the highest standards of ethical business conduct. In addition, the Board has approved the establishment of a compliance monitoring program to ensure the Company complies with all relevant laws, legislation, regulations and guidance. This is intended to ensure that WICE exercises appropriate care and diligence to prevent conduct which is in violation of its compliance monitoring program, thereby protecting WICE's reputation and good name.

The requirements of the compliance program apply to all employees, officers and directors of the Company and, where appropriate, to agents of the Company.

During the majority of the year, the Compliance Function was outsourced to WICE's insurance manager and was overseen by one of the executive directors provided by Artex, WICE's insurance manager, who is also the key function holder for risk. In November 2024, Arch took the decision to bring the Compliance function in-house and so that individual, together with a Compliance Manager, were recruited by Arch and continue to provide the function, with input from the AUL under a services agreement and from co-insurance and MGA partners where required.

B.1.6 Actuarial Function

The Actuarial Function is defined as a "Key Function" in Solvency II, with specific duties and responsibilities. The Actuarial Function services may be outsourced, but responsibility for the function rests with the Actuarial Function Holder ("AFH").

During 2024, the Actuarial Function was overseen by a Somers Director. However, post year-end the Head of Actuarial Function has transitioned to one of the Directors provided by Arch. Actuarial Function supporting services are provided under a services agreement by the Arch group, which has appropriate actuarial resources and is entirely independent of operational aspects of the business.

Specific duties of the Actuarial Function include, but are not limited to:

- Coordinate the calculation of the firm's technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions against the data quality standards as set in Solvency II
- Inform the Board of the reliability and adequacy of the calculation of technical provisions
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements

- Contribute to the effective implementation of the risk management system
- Prepare the Actuarial Function Report

B.1.7 Internal Audit

The Company has an Internal Audit Policy in place which sets out the objectives and responsibilities of the Internal Audit function, which is outsourced to KPMG. Internal Audit is discussed further in Section 2.5 below.

The Internal Audit function is outsourced to KPMG and is appropriately resourced with qualified and experienced individuals and is entirely independent of the Company and its management. The Internal Audit function is overseen by an independent non-executive Director.

B.1.8 Material Changes

During 2024, the Company have formed an Audit Committee and a Product Oversight and Conduct Committee to strengthen the governance and oversight structure. Post year-end, Pablo Morales has been appointed as executive director and Head of Actuarial Function on 09 January 2025 and Mike Ellis resigned from the Board on 10 January 2025. The Company have also agreed the formation of a Risk Committee.

B.1.9 Remuneration Policy and Practices

WICE only has Directors and no employees. Only the Independent Non-Executive Directors receive remuneration from WICE, with the other Directors being remunerated under other arrangements with their respective employers. As a result, the Company does not have a separate Remuneration Committee, with responsibility for this area being retained by the Board.

The Independent Non-Executives receive a fee which is fixed and has no variable or performance-related elements. The remuneration of other Directors from their respective employers is not linked directly to the performance of WICE.

None of the Directors are entitled to share options or shares in the Company and none have any entitlement to pensions from WICE.

B.1.10 Material Transactions

During the year to 31 December 2024, WICE paid its insurance manager a fee of £0.1 million (2023 - £0.1 million) a range of services including the provision an employee to serve as director on the board of WICE. At 31 December 2024, the balance owed by WICE was £0.01 million (£2023 - £0.01 million).

During the year, WICE paid £11.8 million (2023 - £7.9 million) to AUL (a subsidiary of Arch Group), its underwriting manager, for services provided. Two of WICE's Directors are also officers of AUL or other entities within the Arch Group. At 31 December 2024, the balance owed by WICE was £3.4 million (2023 - £2.3 million).

During the year, WICE ceded between 85% and 90% of its net retained business to Somers Re, a shareholder controller of the Company. The amount of premium ceded was £195.6 million (2023 - £148.5 million) and the net balance payable outstanding at 31 December 2024 was £33.7 million (2023 - £42.5 million).

B.2 Fit and proper requirements

B.2.1 Fit and Proper Processes

The Company's Fitness & Propriety policy sets out the guidelines to ensure that Directors and employees meet the fit and proper standards, both on entry and throughout their employment at the Company. The Head of Compliance is responsible for providing advice, implementing a monitoring program and ensuring the policy is reviewed at least annually.

The Head of Compliance ensures that appropriate Regulated Individual forms are prepared for all individuals carrying out Regulated Individual functions, and that these are submitted to the Gibraltar Financial Services Commission for regulatory approval and approval is obtained prior to the individual taking on the role.

In order to ensure that the Board have the required skills and knowledge, any recruitment takes due account of the individual's qualifications and experience. On an ongoing basis all individuals are required to ensure that they keep their skills and knowledge up-to-date and to confirm this annually.

Checks with regard to propriety are carried out by WICE's Compliance function, which carries out appropriate checks prior to an individual being engaged and on an ongoing basis thereafter. In addition, each individual is required to complete an annual self-certification confirming their ongoing propriety. WICE's compliance function reports to the Board on these matters.

B.2.2 Professional Qualifications, Skills and Expertise

The Company ensures that all persons who hold key positions or Regulated Individual functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

WICE fitness requirements ensure that the Board knowledge and expertise collectively covers at least the following:

- Knowledge of insurance and financial markets
- Understanding of the business strategy and the business model
- Understanding of the systems of governance
- Knowledge of financial matters, actuarial analysis and management information
- Understanding of the regulatory framework and requirements

Propriety checks are carried out taking account of:

- The individual's character

- The individual's personal behavior
- The individual's business conduct
- Any criminal aspects
- Any financial aspects
- Any regulatory aspects

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk Management Process and Procedures

The following narrative provides an overview of the Company's Risk Management Framework, which describes the Company's methodology for identifying, measuring, managing and reporting on the key risks affecting WICE. It outlines WICE's approach to risk identification and assessment and how risk management is implemented and integrated into the organizational structure of the business.

Overview

WICE classifies its risks in the following categories:

- Underwriting Risk;
- Investment risk;
- Counterparty credit risk; and
- Operational, including governance, regulatory, business/strategic, reputational, outsourcing and conduct risks.

The framework includes details of the Company's:

- Risk philosophy and policies to address the material risks confronting the Company; and
- Compliance approach and procedures to control and or mitigate these risks.

The actions and policies implemented to meet the Company's business management and regulatory obligations form the core of this framework. The Company has adopted a holistic approach to risk management by analysing risk from both a top-down and bottom-up perspective.

WICE has designed its system of governance to achieve the following:

- Maintain an adequately transparent organizational structure that has well-defined, clear, consistent and documented lines of responsibility across the Company's operations;
- Ensure personnel have the skills, knowledge and expertise necessary to properly discharge their assigned responsibilities;
- Establish and maintain processes to achieve effective internal reporting and communication of information at all relevant levels within the Company;
- Maintain information systems that produce sufficient, reliable, consistent, timely and relevant information concerning all business activities, the commitments assumed and the risks to which the Company is exposed;

- Safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question; and
- Ensure any outsourced responsibilities are delegated and managed appropriately, with ultimate responsibility vesting in the WICE Board of Directors.

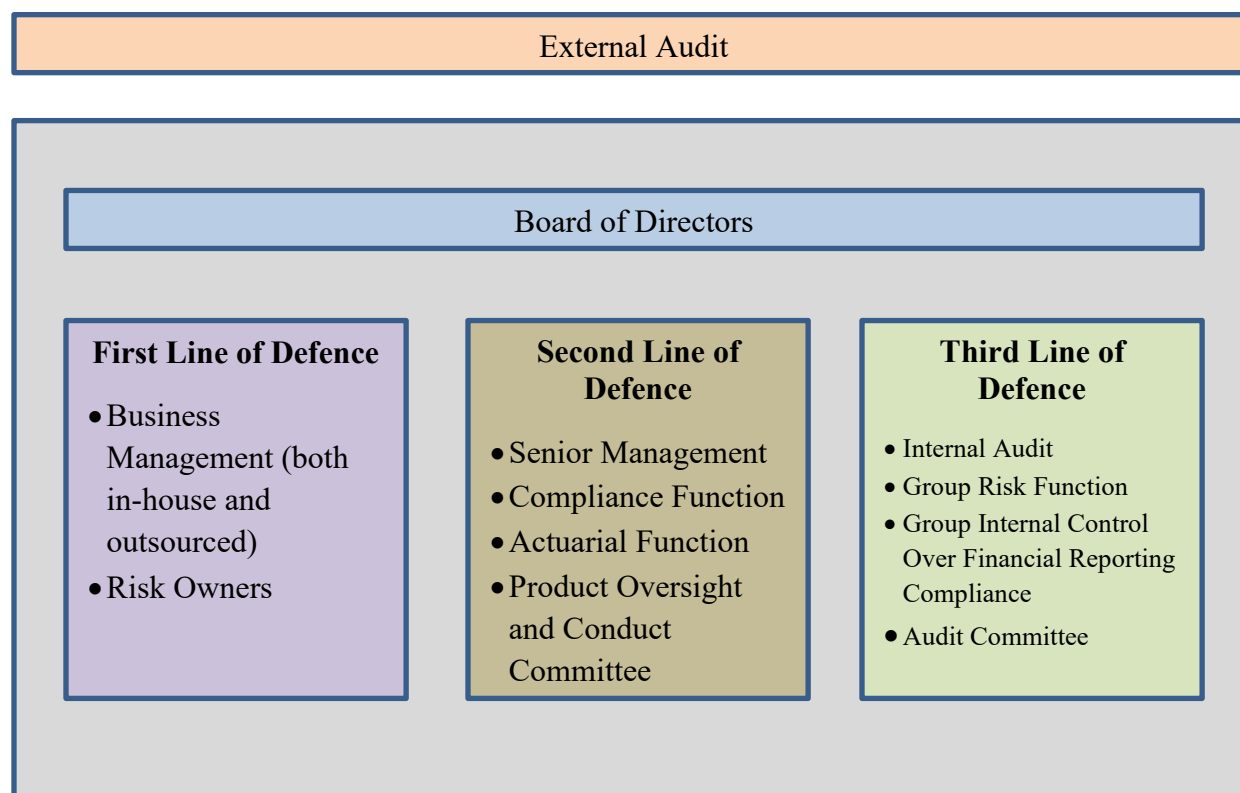
The system of governance is based on the principle of proportionality, such that systems and controls are proportionate to the nature, scale and complexity of the Company's operations. Appropriate and proportionate systems, resources and procedures are in place for WICE's operations.

Responsibilities

Responsibility for risk management ultimately rests with the Board. The Company has not appointed a Chief Risk Officer and the Board retains day-to-day responsibility for the risk function including risk identification, assessment, monitoring and reporting. However, in accordance with the requirements of the Financial Services (Insurance Companies) Regulations 2020, a Head of Risk Management was appointed and duly approved by the GFSC. Post year-end a Risk Committee has been formed which will oversee the Risk Management function going forward.

Risk management is closely integrated into the Company's operations through oversight of the business partners, including outsourced service providers, as well as through appropriate structuring of contracts and agreements to take account of risk, and ongoing monitoring of underlying performance to ensure that risk appetite limits and capital buffers are not breached.

The Risk Management Framework follows the "Three Lines of Defence" model and fits into the overall governance structure as follows:



Risk Identification, Assessment, Monitoring and Reporting

WICE's risk philosophy and profile is defined in accordance with the wider Somers Group risk philosophy and is evaluated, challenged and approved by the Board. The Board sets the overall risk appetite. Overall, WICE has an appetite for Underwriting Risk and a tolerance for other forms of risk. The rationale for the appetite and tolerances is articulated in the individual risk policies, which are reviewed and updated regularly. The overall risk appetite is articulated in the Company's Risk Appetite Statement document.

This approach results in the risk policies and inputs to the Risk Register, where all risks are defined and analyzed for potential impact to the Company. The Risk Register analysis includes all risks facing WICE and details the corresponding controls and or mitigation in respect of these risks. Qualitative and quantitative assessments of the impact and probability of all risks is contained within the Risk Register, which are part of a regular review process. The Risk Management function defines the risks in the Risk Register.

The Risk Register is a key input into the risk management regime, and any material changes in the underlying risks will be modelled for potential impact upon WICE's capital requirements. Such changes include, but are not limited to, changes in business mix, strategy and investment policy.

The controls identified in the Risk Register to monitor, mitigate and control the risks facing WICE are reviewed for continued relevance and documented in the process documents for each function. Compliance with the components of these controls is verified via the ongoing management reviews and Internal Audit reviews undertaken at WICE. This is undertaken on a group-wide basis and any issues are reported to the WICE board.

The result of this process is that all material risks are included within the Risk Register and also feed into the SCR calculations where appropriate, in some cases also being further investigated through stress testing. Inputs and outputs are owned by the appropriate function and are signed off by the Board.

On a quarterly basis the Board received a report from the Risk Management Function documenting performance against agreed risk appetite measures, including appropriate capital coverage. Moving forward this oversight will be performed by the Risk Committee with quarterly updates provided to the Board accordingly.

B.3.2 Implementation and Integration of ORSA

The Company believes an integrated approach to developing, measuring and reporting its ORSA is an integral part of the Risk Management Framework. The ORSA process provides the link between the Company's risk profile, its Board-approved risk appetite including approved risk tolerances and limits, its business strategy and its overall solvency requirements.

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks the Company faces – or may face – and to determine the capital necessary to ensure that overall solvency needs are met at all times. The ORSA also makes the link between actual reported results and the capital assessment.

The ORSA process and reporting are integral parts of WICE's business strategy, tailored specifically to fit into WICE's organizational structure and risk management system with the appropriate techniques in place to assess its overall solvency needs, taking into consideration the nature, scale and complexity of the risks inherent in the business.

The Company also takes the results of the ORSA into account for its system of governance, including long-term capital management, business planning and new product development. It also contributes to various strategic decision-making including how best to optimize capital management and deciding whether to retain or transfer risks.

The ORSA is the basis for risk reporting to the Board and acts as a mechanism to embed the Risk Management Framework within the Company's decision making processes and operations. The Board oversees and supervises the ORSA, including regular reviews of the ORSA process and output.

The ORSA process operates continuously through the course of the year but is accompanied with periodic formal reporting. The formal ORSA report builds on the information viewed by management through the year in order to make strategic risk and capital decisions, supplemented with specific additional items.

The ORSA will be formally reported at least annually following the annual business planning process. In addition, an ORSA report will be produced on each occasion that the entity's risk profile changes significantly as set out below. When completing the ORSA or considering any significant risk profile changes, the Board of the Company will also give consideration as to whether any applications for approval are required under Section 83A of the Financial Services Act 2019 or a disclosure is required in the spirit of Core Principle 12 of the Financial Services (Core Principles) Regulations 2022.

The ORSA is an ongoing process to ensure that WICE has the appropriate capital for its risk profile. However, a formal re-run will take place, at the Board's decision, following a significant change in WICE's risk profile including:

- Significant change in business:
 - Including introduction of a significant new product (accounting for an increase of 10% or more in GWP)
 - Entering a material new line of business
 - Exiting a material existing line of business
 - Premium volumes overall ahead of or behind plan by 25% or by 35% for an individual scheme, if this materially impacts the results for the period
 - Loss ratios for an individual scheme resulting in an individual CR over 110% (for schemes with GWP > £30m)
 - Costs for an individual scheme increasing by 25% or more (where a scheme has annual GWP > £30m)
 - Changes in XoL planned retention levels and/or rates in excess of 5%

- Material capital change, resulting in a drop of 5% or more in the market value of investments
- Significant market stress which directly impacts the Company
- SCR coverage falling below the stated risk appetite as per the previous ORSA

WICE records the actual performance of the overall solvency assessment and the assessment of any deviations in its risk profile from the assumptions underlying the SCR calculation to a level of detail that enables a third party to evaluate the assessments performed.

The Board received periodic reports on risk management and the Risk Register has been formally presented to the Board on an annual basis for approval with an update on any changes to risks provided on a quarterly basis as part of the Risk Management update. Moving forwards these will be presented to the Risk Committee with any significant matters escalated to the Board. Any material changes in the risk management strategy, policies, processes, procedures and or SCR calculations are presented to the Board for approval.

WICE's Capital Management Plan is created with regard to and incorporates the output from the ORSA process, including requesting further capital injections if this is indicated as a result of the ORSA.

WICE reviews the appropriateness of its Risk Appetite Statements and the related Risk Limits and Tolerances during the analysis of the results and outputs of each ORSA process. If deemed necessary following a review, this Risk Appetite Statement will be revised and presented to the Board for approval.

B.3.3 Performance, Documentation and Review of the ORSA

A full ORSA cycle is performed at least annually and reported to the Board. The ORSA process is a circular process that relies on key elements of the business:

- **The Board outputs** – Strategy / Capital Management Plan / Board Risk Appetite
- **Business planning** – providing the basis for the base case projections
- **The Solvency II Pillar I Standard Formula** – 3 year outputs & base assumptions used
- **The Board** – who review, challenge and, as appropriate, approve the test scenarios, the ORSA process and output
- **The Actuarial Function** – who quantify technical provisions and provide other input into the Pillar I model
- **The Risk Function and Management** - who quantify the Pillar I capital requirements, assess the outputs and prepare the reports
- **ORSA Reporting to all stakeholders**

The Key Activities in the ORSA Process are:

- Strategy & Planning

- Pillar I base outputs and assumptions
- Risk identification & assessment
- Scenario setting
- Scenario testing through the Pillar I model & production of test output
- Review of test output & report preparation
- Management review & Board review & reporting

Each run of the ORSA process will be appropriately documented to evidence each of its constituent parts, and this record will be retained for any later scrutiny.

The documentation shall contain:

- The underlying business plan and strategy
- The Risk Appetite Statement
- The Pillar I standard assumptions & output
- The schedule of scenarios to be tested
- The scenario test results
- The ORSA report
- Any relevant minutes relating to scrutiny, review & challenge of the ORSA process & outputs

B.3.4 Relationship Between the ORSA, Solvency Needs, and Capital and Risk Management Systems

The Company has both a Capital Management Policy and Capital Management Plan in place. The Risk Management Function is responsible for developing and maintaining the Capital Management Plan. The Board reviews and monitors the plan.

The Capital Management Plan incorporates the output from the ORSA and associated reporting. The plan also sets out triggers for corrective capital actions relative to the Company's Solvency Ratios, which are based on the SCR and Minimum Capital Requirement ("MCR").

WICE's capital planning process aims to be dynamic and forward-looking in relation to WICE's risk profile and shall take into account the output from WICE's risk management activities and the ORSA process and associated reporting as part of capital planning activities.

As such, capital planning activities take into account any current or anticipated changes in WICE's risk profile, such as those reflected in its business plan, and forecasting the related impact on capital. In addition, as part of its capital planning, the Company integrates projected capital needs with its business planning and financial forecasting processes.

The Capital Management Plan identifies a number of potential sources of capital and associated corrective actions that may be utilised to restore sufficient capitalisation, depending on the severity of the capital requirements placed upon WICE.

When considering the sources of capital and corrective actions, WICE's plan incorporates the Solvency II Own Fund requirements.

Any material changes in the underlying risks, such as changes in business mix, reinsurance strategy and investment strategy, are modeled for potential impact upon WICE's capital requirements. The result of this process is to ensure that all material risks feed into the capital requirements analysis, and in some cases also trigger further investigation through stress testing.

B.3.5 Approval Process

The Board has ultimate responsibility for reviewing the risk management framework, policies, processes and procedures and for overseeing the annual ORSA process. The ORSA policy and the ORSA report are reviewed and challenged by the Board prior to approval.

The Board of Directors is the main governing body of WICE and has the following input and responsibilities to the ORSA:

- To evaluate, challenge and approve the Company's strategy, business plan and accompanying financial information, as proposed by Senior Management. This process will include:
 - Monitoring the performance of the Company against established Key Performance Indicators (KPIs)
 - Approving any material expansions and/or contractions of the Company
 - Approving any material expenditure and/or projects
- To evaluate, challenge and approve the Company's ORSA. As part of this approval of the ORSA, the Board will:
 - Approve the ORSA policy and process, including validating this process
 - Challenge the identification and assessment of risks, including any new risk management strategies to be implemented
 - Challenge assumptions on which the SCR calculation is based
 - Approve the long- and short-term capital management plan, having considered the ORSA outcome, business strategy and risk tolerance of the Company
 - Consider any risks outside of the ORSA process and the extent to which the SCR calculation accommodates these
 - Utilise the ORSA for strategic decision-making
- To evaluate, challenge and approve the Company's risk appetite and the associated risk tolerances and limits.

B.4 Internal control system

B.4.1 Internal Control System

WICE maintains an effective internal control system, which includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements and a Compliance function.

The Board is responsible for monitoring the establishment and maintenance of the system of controls used to assess and manage exposure to all areas of risk. The objectives of these controls

are to ensure that WICE's risk strategy is maintained and risk remains within the appetite and tolerances set by the Board.

WICE is part of Somers Group compliance activities, including management's assessment to confirm the design and operating effectiveness of internal controls over financial reporting and the identification and testing of key internal controls, including any required remediation.

The Board has delegated management and oversight of certain controls to appropriate forums within the Somers Group. WICE's internal control framework provides an appropriate level of reporting on the control environment to the Board.

Controls are detailed in the Risk Register, which associates elements within the category of risk to one or more mitigating controls. WICE's internal control framework includes reviews of both the design and effectiveness of key controls, with results of this periodic evaluation historically regularly reported to the Board and moving forwards, will be reported to the Risk Committee.

B.4.2 Compliance Function

Implementation of the Compliance Function

As part of the Somers Group, WICE has implemented its Compliance function taking due account of and in accordance with the overall group compliance structure.

The Somers Group Board has approved the establishment of a compliance and ethics program to ensure that all companies within the group promote an organizational culture that encourages the highest standards of ethical business conduct and compliance with the Group's Code of Business Conduct, policy statements and any laws and regulations which govern the Company's business activities (collectively referred to as the "Compliance Monitoring Program"). The Compliance Monitoring Program is intended to ensure that all companies within the group exercise appropriate due diligence to prevent conduct which is in violation of its Compliance Monitoring Program thereby protecting the Group's reputation and good name.

WICE has implemented its Compliance function through the services provided by its insurance manager. The function has established a Compliance Monitoring Program to ensure compliance with all relevant laws, legislation, regulations and guidance. The Board promotes the highest standards of ethical business conduct, aimed at protecting the Company's reputation.

The requirements of the Compliance Program apply to all employees, officers and Directors of the Company and, where appropriate, to agents of the Company.

The Compliance function is an integral element of WICE's risk management and internal control framework. The purpose of Compliance is to assist the Board in achieving its overall strategic objectives by promoting a culture of integrity, ethical conduct and compliance with the laws, regulations and administrative provisions that affect WICE. The Compliance function also is responsible for the ongoing assessment of any possible impact of changes in the legal environment on WICE operations and for the identification and assessment of Legal / Litigation risk and for monitoring adherence to certain elements of the risk management framework and reporting thereon to the appropriate forums. The Compliance function is also responsible for ensuring ongoing compliance with new and emerging regulatory requirements including Consumer Duty and Operational Resilience in conjunction with the AUL and Somers teams and the MGAs.

Independence and Authority

In November 2024, Arch brought its compliance function in-house whilst continuing to ensure its independence from other operational functions and the Head of Compliance and Compliance Manager provide the function to WICE. Compliance attends Board meetings and reports to the Board on all relevant matters. The Compliance function is authorized to review all areas of the Company and has full, free, and unrestricted access to all Company activities, records, property and personnel. Compliance has full and direct access to WICE's Board and the authority to escalate matters to Somers where required.

B.5 Internal Audit function

The Somers Group outsources internal audit services to KPMG Bermuda and WICE is included within the scope of the internal audit work carried out on behalf of the group.

The Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps management, the Audit Committee and the Board accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

KPMG, as a large audit practice, has an Internal Audit team that is adequately staffed by competent individuals and, being outsourced, is objective and independent of WICE's day-to-day activities.

Internal Audit has appropriate access to all staff, Senior Management and records, including those relating to third party service providers. No restrictions are placed on the scope of the team's work. WICE management is required to inform Internal Audit of all noted control deficiencies, when losses are sustained and or of any definite suspicion of irregularities.

Internal Audit's scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management and internal processes as well as the quality of management's performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives.

B.5.1 Internal Audit Reporting

Implementation of the Internal Audit function

Internal Audit reports directly to the WICE Audit Committee who will escalate matters to the Board as appropriate. The Internal Audit Charter is reviewed periodically by the Audit Committee and the Board, which currently also retains responsibility for monitoring Internal Audit activities.

An Annual Internal Audit Plan for the Somers Group is produced and submitted to the Audit Committee and ultimately to the board for approval every year. The Audit Committee reviews the Annual Internal Audit Plan before the Board's approval. It summarizes internal audit's risk assessment of the business, the scope of its work, the competencies of the team involved and the resources, both internal and external, required to meet the Annual Internal Audit Plan.

A report is issued for all Internal Audits conducted. The report includes a management response for all recommendations, including a target date for remediation. Each Internal Audit report is

distributed to management and a copy is included in the Audit Committee and the Board meeting materials.

Internal Audit reports to the WICE Audit Committee as to whether:

- appropriate action has been taken on significant audit findings;
- audit activities have been directed toward highest exposures or risk and, secondarily, toward increasing efficiency, economy, and effectiveness of operations;
- internal, external and, when deemed appropriate, regulatory audits are coordinated, so as to avoid duplication;
- internal audit plans and resources are adequate;
- there is any unwarranted restriction on access by internal auditors to all of the Company's activities, records, property, and personnel; and
- the Company is in compliance with law, rules and regulations applicable to auditing functions and standards, including those related to fraud and other illegal acts.

The progress of all prior recommendations is monitored by Internal Audit and the Audit Committee. Management provides a status update for each quarterly board meeting, until the related management action plan is completed.

Independence of the Internal Audit Function

A key feature that ensures the independence of the Internal Audit function is its positioning outside of functional roles and responsibilities. Internal Audit is outsourced to an external accountancy firm and is therefore not involved in any operational aspects of the business. WICE's Internal Audit charter specifically includes the following:

- Internal Audit shall have no direct responsibility or authority over any of the activities reviewed;
- Internal Audit shall not design and install procedures, prepare records or engage in any other activity that it would normally review, appraise or audit;
- Internal Audit is authorised to review all areas of the Company and to have full, free and unrestricted access to all Company activities, records, property and personnel;
- Internal Audit reports to and has full and independent access to the WICE Audit Committee, Board and reports to the Somers Re Board for administrative purposes.

B.6 Actuarial function

WICE outsources Actuarial Function services to Arch Capital Group Limited ("ACGL") and Arch Underwriters Limited ("AUL") under oversight of the Actuarial Function Holder.

The Actuarial Function's primary responsibility is to the Board. The Actuarial Function in performing its duties acts independently of WICE's business units. The Board provides oversight to ensure the Actuarial Function has adequate resources and authority to operate effectively.

The main activities of the Actuarial Function in a Solvency II environment shall include the requirements of the Financial Services (Insurance Companies) Regulations 2020, including:

- Coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions in the cases set out in the regulations;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system
- Provide an Actuarial Opinion on Technical Provisions; and
- Provide an Actuarial Report on Technical Provisions.

On an annual basis, the Actuarial Function will prepare an Actuarial Opinion on Technical Provisions and present the Actuarial Report on Technical Provisions to the Board of Directors. The report will be prepared in line with relevant regulatory and Actuarial Standards of Practice.

The Actuarial Function comprises experienced, fully qualified individuals with in-depth knowledge of actuarial and financial mathematics. The function is staffed appropriately given the nature, scale and complexity of the risks inherent in the integrated operations.

B.7 Outsourcing

B.7.1 Outsourcing Policy

WICE defines outsourcing as contracting out part or all of an otherwise internal business process to a third party provider (either outside or inside the Somers Group). In this regard WICE may use the external service provider's processes and controls to perform the agreed services. However, WICE will retain all decision making and ultimate responsibility over the business function and maintain the appropriate monitoring mechanisms to ensure adherence to an appropriate service level agreement pursuant to a contractual arrangement.

The Company has an Outsourcing Policy in place which sets out the following:

- The definition of outsourcing
- Responsibility for implementation and operation of the policy and consequent controls and processes
- The criteria for outsourcing
- Due diligence on potential providers
- Establishment of appropriate contractual arrangements which clearly define responsibilities and allow adequate supervision and control
- Establishment of appropriate contingency planning, including terminating or exiting the arrangement
- Periodic audit requirements

- Records of outsourced arrangements
- The approval process
- Contract and legal requirements
- Risk assessment and risk mitigation measures
- Monitoring and on-going requirements

B.7.2 Outsourced Functions

The following table provides detail of the key functions which are outsourced by WICE.

Outsourced function or activity	Jurisdiction
Provision of business development, underwriting and pricing support; administration of contracts, agreements and other arrangements	Bermuda
	United Kingdom
	Republic of Ireland
	Romania
Policy administration	United Kingdom
	France
Claims handling, reserving and settlement	United Kingdom
	Republic of Ireland
	France
	Romania
Accounting and financial support	Gibraltar
	Republic of Ireland
	Bermuda
Investment management services	United Kingdom
Compliance services	Gibraltar
Actuarial Function services, including Solvency II reporting	Bermuda
	Republic of Ireland
	Gibraltar
Assistance with risk management	Gibraltar
	Bermuda
	Republic of Ireland

Internal Audit services	Bermuda
Company secretarial services	Gibraltar

B.8 Adequacy of Systems of Governance

WICE's systems of governance are as set out above. The Company does not have a complex business model and the systems of governance have been established taking due account of the principle of proportionality, being appropriate to the size, nature and scale of the operations. In addition, governance falls within the remit of both internal and external audit and the Risk Function continuously assesses relevant legislation, guidance, advice and best practice to ensure that the systems of governance remain up-to-date.

On this basis, the Board believes that the governance arrangements are adequate and appropriate for the business.

B.9 Any other information

No other material information to report as of 31 December 2024.

SECTION C – RISK PROFILE

Overview

WICE's risk appetite framework provides an expression of the level of risk the Company is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organisation towards the desired level of risk. It not only supports the Company's risk management framework, it also enables WICE to make informed business decisions having regard to the key risks to which it may be exposed by such a decision.

In general, WICE has an appetite for insurance (underwriting) risk and a tolerance for other forms of risk. The risk philosophy of WICE encompasses all major risks and focuses on attaining the following business objectives:

- Underwrite business that meets agreed targeted returns
- Underwrite business with selected MGA's
- Underwrite only carefully selected business lines
- Manage underwriting volumes in line with the business cycle
- Limit the downside risk such that the Company maintains a sufficient solvency margin.

The following table shows the composition by sub-module of the SCR:

Risk Category	Description	Allocated % of SCR as at 31-Dec-24	Allocated % of SCR as at 31-Dec-23
Underwriting Risk	Risk of losses from business already written or planned to be written over the next year	33.9%	29.8%
Market Risk	Risk of losses from market movements, including exchange rates and investment returns	7.1%	7.1%
Credit Risk	Risk of losses from counterparty defaults, including reinsurers and other counterparties	39.4%	43.3%
Operational Risk	Risk of operational losses	19.7%	19.8%

C.1 Underwriting Risk

C.1.1 Key Underwriting Risks

Underwriting risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing or risk quantification assumptions, which includes the fluctuations in the timing, frequency and severity of insured events. At a risk policy level, we consider underwriting risk is linked to reserving risk. Reserving Risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate reserving assumptions, which includes the fluctuations in the timing, frequency and severity of insured events.

WICE operates via MGA partners in the U.K. motor and liability markets. It has operated in the Romanian and Irish motor market as well as the French property market, although all of the Company's European business lines are now discontinued. It also previously operated in the U.K. pet market but this is also now in run-off. The U.K. motor business is highly competitive and insurance companies have in the past struggled to achieve their target margin. However inflationary pressures in the U.K. during 2022 and in 2023 have seen significant increases in motor rates. Furthermore, the motor industry is materially exposed to regulatory, legislative and fiscal changes, economic factors, changes in policyholder and claimant lawyer behaviour and the actions of key service providers, such as claims management companies. These factors can lead to significant fluctuations in results.

The resulting key underwriting and reserving risks identified by management are:

- Risks are priced incorrectly
- Dependence on business partners
- Unpriced expansion of coverage due to unanticipated changes
- Accepted risks do not provide the required return on capital
- Unexpected concentration of risk exposures
- Insufficient reserves

C.1.2 Material Risk Concentrations

WICE currently writes mainly motor business, which leads to some degree of concentration of risk. However, within this category the Company writes different types of motor risks, from standard motor through specialized niche business and the Company uses a variety of co-insurance and MGA partners. There is therefore not considered to be a material underwriting risk concentration.

C.1.3 Underwriting Risk Mitigations

WICE purchases Excess of Loss reinsurance protection to mitigate the impact of large claims. In addition, inter-company Quota Share reinsurance and some external Quota Share reinsurance arrangements are in place to mitigate the impact of attritional losses.

Underwriting risk is further mitigated through the following:

- Business performance is monitored regularly, including consideration of market factors, pricing trends and strategic challenges
- Most insurance programs have sliding scale arrangements in place which help manage risk exposures and effectively share fortunes between the co-insurer/MGA and WICE in order limit potential downside exposure
- Actual performance is compared against plan each quarter
- There is regular dialogue with and visits to lead underwriters and MGA partners and review of management information received
- Independent actuarial review of reserves by ACGL actuaries

- Periodic audits of claims handlers

C.1.4 Stress and Sensitivity Testing

Stress and scenario testing is carried out as part of the ORSA process, which is conducted at least annually. These tests consider moderate as well as extreme but plausible stresses and assess the impact on WICE's capital position.

A number of scenarios were considered in the ORSA which aim to reflect the underwriting and reserving risk to which the Company is exposed. These represent adverse scenarios to which the Company could be exposed, including poor loss ratio performance, unplanned growth and a highly adverse outcome for the largest book of business. The projected SCR and Own Funds were then calculated under each of these scenarios, allowing the capital impact to be assessed.

Due to the manner in which WICE structures its arrangements, while the stresses showed deterioration in the Company's capital position, only the most extreme modelled scenarios were considered likely to result in a breach of the SCR. The Company's underwriting risk profile is therefore considered to be resilient to most shocks.

C.2 Market Risk

C.2.1 Key Market Risks

Market Risk is the risk of changes in income or values of investment assets arising from fluctuations in political and economic variables (systemic), including interest rates, currency exchange rates, equity markets, commodity markets and real estate markets. It is the risk of loss, or adverse change, resulting directly or indirectly from fluctuations in the prices of assets. Market Risk includes the following specific components:

- Currency Risk
- Interest Rate Risk
- Spread Risk
- Equity Risk

Market Risk is also affected by:

- **Concentration Risk:** The risk that the Company will suffer losses from lack of diversification with regards to a particular sector, industry, geographic region, security, or asset class in the investment portfolio. Concentration Risk also includes the risk of failure to identify and manage correlation risk between insurance/reinsurance operations and invested assets.
- **Investment Credit Risk:** The risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of issuers of securities and counterparties to which undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentration risk.

WICE has a very conservative investment policy, focusing on capital preservation rather than investment return. The key market risks identified by management are:

- Invested assets lose value
- Insufficient diversification
- Risk that counterparties are unable or unwilling to fulfill debt obligations
- Failure of a counterparty

C.2.2 Material Risk Concentrations

WICE currently only invests in government securities as well as high-grade corporate securities with the remainder of investible assets held in deposits with banks. Therefore there are no material market risk concentrations.

C.2.3 Market Risk Mitigations

WICE mitigates investment risk through the implementation of appropriate controls. These include:

- Regular Board oversight;
- Formal agreements which delegate investment authority to the investment manager, BlackRock Investment Management UK Limited (“BlackRock”);
- Investment Guidelines which are structured to ensure sufficient liquidity and prevent over-exposure to any one risk sector;
- Utilisation of Company-approved brokers, investment managers and third party service providers.

C.2.4 Stress and Sensitivity Testing

WICE has limited exposure to market risk and hence a single scenario involving an investment shock was modelled. This modelled stress was not considered likely to result in a breach of the SCR and the Company is therefore considered to be highly resilient to market risk.

C.2.5 Prudent Person Principle

WICE seeks to manage investment assets subject to the Prudent Person Principle which states that the Board must discharge its duties with the care, skill, prudence and diligence that a prudent person acting in a similar capacity would use in the conduct of an enterprise of similar character and objectives.

The Board of Directors of WICE has outlined the following risk management objectives in order to minimise its exposure to Investment Risk in line with the overall WICE Risk Appetite:

- WICE shall adopt a conservative approach to investments and seek to safeguard the assets of shareholders;
- WICE shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due; and,
- WICE shall ensure that there are appropriate policies, strategies and procedures in place to meet these objectives.

WICE adopts a conservative approach to investments and, as articulated in the Company risk management philosophy, limits Investment Risk such that the overall portfolio will consist of high quality fixed income securities and bank deposits, and limits the proportion of total investments that may be represented by other investments. New investment product initiatives fall into the category of other investments and include investments such as equities and all alternative investments. Participation in new investment products are subject to Board approval. In circumstances where new products are being considered by the Company, the following steps will be undertaken:

- Detailed information will be provided describing the nature of the investment such that the Board has full information to properly evaluate the risk
- The Finance Function will document the impact of the new product, including an assessment of whether it complies with the prudent person principle
- A presentation will be made to the Board to explain the rationale for the proposed investment
- The Board separately review the material and consider the impact on WICE's risk appetite and risk profile

If the proposed investment is approved, WICE's Finance and Compliance Functions will liaise with the Investment Manager to revise or develop bespoke Investment Guidelines for the new product where appropriate. In certain circumstances, such as in the case of an investment in a fund, this may not be required.

C.3 Credit Risk

C.3.1 Key Credit Risks

WICE has a low appetite for credit risk, which is approved by the Board.

WICE is exposed to credit risk from the following sources:

- Investments in fixed income securities
- Deposits with banking counterparties
- Reinsurance counterparties – internal from the Quota Share arrangement
- Reinsurance counterparties – external
- Premiums collectable from lead insurers and MGA partners.
- Contingent commissions due from MGAs.

The key risk is that one or more of these counterparties fail.

C.3.2 Material Risk Concentrations

As at 31 December 2024, WICE used two banking counterparties, thus resulting in risk concentration. Reinsurance credit concentration was also high, due to the inter-group Quota Share arrangement. Premium receivable-related debtor credit exposure is diversified.

C.3.3 Credit Risk Mitigations

WICE mitigates credit risk through the implementation of appropriate controls, processes and procedures.

At purchase, securities must have a designation from the Securities Valuation Office (SVO) of 1 or 2, or, in the absence of such rating, a credit rating equal to BBB/Baa2 or higher in the long-term or short-term investment rating agency category by at least two of the US nationally recognized statistical rating organizations (NRSROs). If more than two agencies rate the security the mid rating shall apply, if only two agencies rate the security and these are split, then the lower rating shall be used to determine whether the security is eligible. If only one of the NRSRO agencies rate a security, the rating must be no lower than the minimum rating required by the Investment Guidelines. Only issuers from the UK and European Economic Union are permitted.

Reinsurance and premium receivables are closely monitored and controlled, with short credit periods mitigating any risk exposure. Furthermore, other than the Somers Re Quota Share reinsurance, other reinsurance arrangements are spread across a number of counterparties, thereby reducing single name exposure. The Company ceded some of its business via external Quota Share arrangements prior to 2021. All external Quota Share partners are currently at least AA rated, in line with the Company's low credit risk appetite.

C.3.4 Stress and Sensitivity Testing

Due to the high level of reinsurance ceded, WICE is exposed to a material amount of counterparty default (credit risk). As one of the Company's most material risks, a downgrade of the main Quota Share reinsurers by one step was therefore modelled as a stress test, as well as a downgrade of the main Quota Share reinsurer to non-rated. This showed that the Company would need to take immediate action to rectify the position.

C.4 Liquidity Risk

Liquidity risk is the risk of the Company's inability to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk has low materiality for the Company. One of the objectives of the investment risk policy of the Company is that the Company shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due. To achieve this objective, the investment risk appetite permits only highly rated securities to be purchased. Risk limits and tolerances have been also set in respect of (i) asset-

liability duration matching and (ii) availability of liquid assets. The Company considers that the composition of its investment assets in terms of their nature, duration and liquidity are appropriate in order to meet its obligations as they fall due.

C.4.1 Risk Exposure and Material Risk Concentrations

The Company considers its exposure to this risk as relatively low. The Company monitors its liquidity in compliance with its investment risk policy and stated limits and tolerances in respect of the percentage of assets which are invested in liquid investments.

C.4.2 Risk Mitigation

Liquidity risk is mitigated by the cash held in investments and bank accounts.

C.4.3 Expected Profit in Future Premium

As of 31 December 2024, the expected profit in future premium is £1.1m.

C.5 Operational Risk

C.5.1 Key Operational Risks

Operational Risk means the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

It also includes the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations, and the exposure to litigation from all aspects of business activities.

Within Operational Risk, WICE also includes:

- **Group Risk:** Risks related to unregulated entities within the Group, implicit or explicit exposure to losses throughout the group (“contagion risk”), risks related to inter-company transactions and double gearing, the extent to which practical, legal, or regulatory barriers to the transfer of capital between group members exist, and other additional risks which individual members of a group face by virtue of their group membership or the remote risk of a Group failure.
- **Strategic Risk:** Risk that strategic business decisions prove to be ill-founded or poorly executed. Examples of such risk include mergers and acquisitions, moving into new markets, business lines, or regions, changes to the operating model, or failing to anticipate or react to a more general shift in the economic environment, demographics, etc.
- **Reputational Risk:** The potential adverse impact of an economic loss through deterioration of reputation, credibility or standing with coinsurance and MGA partners, other customers, brokers and the investor community.

- **Conduct Risk:** The potential risk of WICE not achieving good customer outcomes resulting in loss of business, reputational damage and potential financial and regulatory issues as well as breaches of the Consumer Duty.

WICE's management has identified the following key operational risks:

- Lack of requisite personnel (including at outsourced service providers), risk appetites or information to execute on the strategy
- Lack of understanding of the key risks or mechanisms to respond effectively
- Failure to manage conflicts of interest
- Adverse impact through the deterioration in reputation caused by acts of the Company
- Possible rating downgrade
- Breach of legal requirements through lack of policies or non-compliance with policies
- Outsourced providers performing duties at below acceptable levels
- WICE no longer viewed as an acceptable capacity provider for business partners
- Failure to respond to insurance market factors impacting return on capital
- Failure to respond to changes in the investment and credit markets
- The Company not properly assessing the risks of new initiatives
- Incentives of AUL not aligned with those of the Company
- Risks external to WICE but internal to the Somers Group
- Poor customer outcomes being achieved
- Breach of the Consumer Duty
- Breach of Operational Resilience

Those risks classified under the Operational Risk profile have been identified, assessed and articulated in the WICE Risk Register. Relevant risk and control owners reported to the Board and will now report to the Risk Committee and the Risk Function holder, and are responsible for identifying new, emergent or changing risks and any consequent control changes required to realign the risks with the risk appetite.

With respect to Legal Risk, WICE's Head of Compliance has the responsibility for monitoring new and pending legislation from the GFSC or Gibraltar government, the Financial Conduct Authority ("FCA") and relevant bodies in other applicable jurisdictions for items that could potentially impact the Company.

In addition, applicable international risks are identified through discussions, meetings and memos with/from law and accounting firms within the jurisdiction of all group entities.

C.5.2 Material Risk Concentrations

There is no material Operational Risk concentration.

C.5.3 Operational Risk Mitigations

WICE has put in place a strong internal control framework which mitigates operational risk. In particular, the following are key controls in managing this risk:

- Appropriate segregation of duties across all functions
- Systems access controls
- Four-eyes oversight of all key areas
- Regular management accounting process including reconciliations and checks
- Business Continuity and Disaster Recovery Plans
- All outsourced arrangements conducted under formal agreements and in accordance with the Outsourcing Policy and GFSC Outsourcing requirements
- Ongoing oversight and regular audits of outsourced service providers
- All material contracts reviewed by the AUL Counsel, Somers Counsel, or both on behalf of WICE
- Appropriate reporting to Somers Group on all relevant matters to enable oversight
- Business plans and budgets reviewed quarterly
- Appropriate governance structures, including quarterly Board meetings and quarterly Product Oversight and Conduct Committee meetings
- Review of management information to ensure good customer outcomes are achieved received on a monthly basis from all MGAs and for all products
- Conduct Risk template completed by all MGAs as part of the Consumer Duty oversight
- Ongoing engagement with the Arch Operational Resilience team to ensure full compliance with the Operational Resilience regulations by July 2026.
- Ongoing monitoring and oversight of the MGAs including audits and an annual outsourcing monitoring review.

C.5.4 Stress and Sensitivity Testing

Operational risk is included in the Standard Formula. However, as part of its ORSA process, WICE also considers those areas of operational risk which may not be adequately covered, such as loss of a service provider and assesses its impact on the capital position. In addition, operational risk is indirectly stress tested through other risks, such as a credit down-grade of the inter-company Quota Share partners.

Operational risk comprises a moderate part of WICE's risk profile and the stress tests prove the Company's capital buffer to be sufficiently resilient to withstand this risk.

C.6 Other Material Risks

C.6.1 Overview

A number of other risks are considered to be relevant for the Company, namely, group risk, strategic risk, reputational risk, regulatory risk and compliance risk. These risks do not lend themselves to quantification but are included within the Own Risk and Solvency Assessment.

Risk Exposure and Material Risk Concentrations

The Company considers the most material exposures in this category of risk are (i) the potential for inappropriate business strategy and (ii) the potential for regulatory breaches.

Risk Mitigation

Risk controls, risk monitoring and reporting are considered to be the main method of risk mitigation.

WICE considers the following to be additional potentially material risks to the business.

C.6.2 Ukraine Russia war and conflict in the Middle East

On 24 February 2022, Russian troops started invading Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia. The war in Ukraine and related events happen at a time of significant global uncertainty and economic volatility with rising commodity prices, supply chain shortages and inflationary pressure, weakening the global recovery post the pandemic. In October 2023, the Israel Palestine conflict erupted resulting in war in Gaza and increased political instability in the entire area. Supply chains are further strained due to disrupted marine trading routes in the Suez Canal caused by Yemeni Houthi Rebels.

The Directors have considered the potential impact of these global political events on the entity. While the entity has no direct insurance exposure in any of the affected areas, we have considered the potential impact on the valuation of the entity's investment portfolio due to market turbulence as well as rising costs due to supply chain issues and general inflation and continue to monitor the situation as it evolves.

C.6.3 Market Developments

WICE is exposed to potentially adverse developments within the wider market, at a time of significant global uncertainty and economic volatility with rising commodity prices, supply chain shortages and inflationary pressure, weakening the global recovery post the pandemic.

Inflationary pressures are continuing culminating from the pandemic, Brexit and the Ukraine-Russia conflict. The pressure originated from supply chain shortages in parts, credit hire vehicles and labour, alongside increased fuel and wage costs. CPI inflation levelled from mid-2023 and steadied around the bank of England target of 2% at the end of 2024. The market has slowed accordingly with applying rate to premium, after significant rate increases to 'catch up' with inflation during 2022 / 2023 in unprecedented manner. Rates started to soften by the end of the year and continued to soften into 2025, however rates achieved according to the ABI remained relatively stable.

While the impact of such events and changes is difficult to predict, WICE maintains contacts through the Somers Group and the wider Arch group in all major jurisdictions, thus ensuring that the Company is well-placed to react promptly to any adverse developments.

C.7 Any other information

No other material information to report as of 31 December 2024.

SECTION D – VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The table below sets out the value of the material assets of the Company (except for reinsurance technical provisions) as at 31 December 2024 under Solvency II and GAAP:

Assets (in GBP 000s)	2024 Solvency II	2024 GAAP	2023 Solvency II	2023 GAAP
Reinsurer's Share of Technical Provisions	334,438	463,623	261,068	387,213
Deferred Tax Asset	326	0	306	0
Investments (including accrued interest & cash)	32,696	32,183	31,401	31,104
Insurance and intermediaries receivable balances	11,451	50,573	0	50,450
Reinsurance Receivables	0	0	0	0
Deposits to Cedants	23,479	24,186	9,754	9,754
Other assets	43,767	44,467	29,129	29,427
Cash & Cash Equivalents	14,662	14,662	21,952	21,952
Deferred Acquisition Costs	0	24,260	0	23,549

The following are the bases, methods and main assumptions used for valuation of each material class of assets for Solvency II purpose.

D.1.1 Deferred acquisition costs

In the financial statements, acquisition costs which represent commission and other related expenses are deferred over the period in which the related premiums are earned. To the extent that acquisition costs are deferred and considered irrecoverable against the related unearned premiums, they are written off to net operating expenses as incurred.

The Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. As deferred acquisition costs do not result in future cash flows, these amounts are therefore excluded from the Solvency II balance sheet.

There has been no change in the recognition and valuation basis during the period.

D.1.2 Deferred tax assets

Deferred tax assets are the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts under Solvency II or GAAP. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the

balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity.

The valuation of deferred tax assets is consistent with the accounting valuation under GAAP.

D.1.3 Investments (other than holding in related undertaking)

Investment assets are comprised mainly of Government bonds and high grade corporates, with a smaller amount held in money market funds. The Company's investments are externally managed. The Company receives quarterly reports detailing the underlying assets and their performance. The Company notes an unrealized investment loss during 2024.

The investments are valued at fair value under GAAP and Solvency II based on market prices at the reporting date, which are quoted prices in active markets for identical assets. The Solvency II value of investments includes accrued interest. No significant estimates or judgements have been used in the valuation of investments.

There has been no change in the recognition and valuation basis during the period and the valuation of investments under Solvency II is consistent with the accounting valuation under GAAP.

D.1.4 Deposits to Cedants

As at 31 December 2024, deposits to cedants represent cash floats held by MGA partners for the settlement of claims. These balances are valued at fair value reflecting the amount held at 31 December 2024, translated at the closing exchange rate for balances not denominated in the reporting currency. No estimates or judgements are required in the valuation.

The Company is exposed to timing issues in respect of the funding requirements on the claims accounts, where WICE is paying the total funding requirement of the claims account and then collecting the amounts attributable to the Quota Share partners in the following accounting period. Such timing delays give rise to an increased credit exposure to the reinsurance partners. The calculation of the Counterparty default risk under the Standard Formula has been adjusted to account for the rating of the Quota Share partners.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation, other than the grossing up of these items for Solvency II purposes.

D.1.5 Other assets

Other assets include amounts receivable from business partners with respect to future sliding scale and profit commission shares. These are valued at fair value, being amounts assessed as receivable

based on the contract terms. Key judgements and estimates involved in deriving the value of these items are the best estimate loss ratios of the underlying business, which are based on actuarial reviews. There has been no change in the recognition and valuation basis during the period and the valuation of reinsurance receivables under Solvency II is consistent with the accounting valuation under GAAP.

D.1.6 Insurance and intermediaries receivables

Insurance and intermediaries receivables balance represents premiums owed from lead insurers and MGA partners less related acquisition costs. Outstanding premiums are valued at fair value, being the amount recoverable, and due to the short-term nature of the receivable no adjustments to valuation, estimates or judgements are required.

There has been no change in the recognition and valuation basis during the period and the valuation of insurance and intermediaries receivables under Solvency II is consistent with the accounting valuation under GAAP. However, for Solvency II purposes, these amounts are reduced by the amount not yet due on the valuation date and are included in technical provisions. At 31 December 2024 there were no overdue receivables.

D.1.7 Reinsurance receivables

Reinsurance receivables represent premiums owed from Quota Share and Excess of Loss reinsurers. These balances are valued at fair value, being the amount recoverable, and due to the short-term nature of the receivable no adjustments to valuation, estimates or judgements are required.

There has been no change in the recognition and valuation basis during the period and the valuation of reinsurance receivables under Solvency II is consistent with the accounting valuation under GAAP. However, for Solvency II purposes, these amounts are set against reinsurance technical provision cash flows to the extent that they are not overdue. At 31 December 2024 there were no overdue receivables.

D.1.8 Cash and cash equivalents

As at 31 December 2024, the Company had £14.7 million (2023 – £22.0 million) held as cash and cash equivalents with banking counterparties. The majority of these accounts are held in GBP, with a small balance held in EUR and RON. Most accounts are held in the UK, with RON accounts held in Romania. The non-GBP balances are translated into GBP at the balance sheet closing rate.

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

There has been no change in the recognition and valuation basis during the period and the valuation of cash and cash equivalents under Solvency II is consistent with the accounting valuation under GAAP.

D.2 Technical provisions

D.2.1 Results summary

A summary of the technical provisions results for the Company as at 31 December 2024 is set out below, split by material lines of business:

31 December 2024	Claims	Premium	Risk Margin	Solvency II
Net of Retrocession and inter-company	Provisions	Provisions	(£'000)	Technical Provisions
Quota Share	(£'000)	(£'000)		(£'000)
Fire and other damage to property	1,115	(2,582)	80	(1,387)
General liability	155	(0)	10	165
Other motor insurance	2,630	1,187	1,063	4,879
Motor vehicle liability insurance	20,272	10,627	829	31,728
Miscellaneous financial loss	119	339	34	492
Assistance	3	(9)	1	(6)
Grand Total	24,294	9,562	2,017	35,872

D.2.2 Calculation Methodology

Under Solvency II an economic balance sheet is required – which requires a market valuation of technical provisions. The overarching principle for valuing technical provisions under Solvency II is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

The starting point for valuing the Company's Technical Provisions (TPs) is the Company's GAAP basis reserves for loss and allocated loss adjustment expenses (Loss Reserves). Cash flows associated with those Loss Reserves, along with unearned premium reserves and provisions for other components of economic basis TPs, are calculated for each homogenous risk group using the approach outlined below.

(1) Best Estimate Liability

The best estimate liability ("BEL") is calculated from the cashflows in respect of the claims provisions and premium provisions. The best estimate liability represents the present value of future cashflows. The present value is calculated based on the timing of cashflows and on yield curves provided by EIOPA. The best estimate liability is determined on a gross, ceded and net basis for both the claims provisions and the premium provisions.

(2) Premium Receivable

Premium receivable in respect of the portion of the GAAP premium receivable not yet due on the valuation date is included in the premium provisions cashflows. A consistent approach is applied to calculation of ceded premium payable.

(3) Premium in respect of Bound But Not Yet Incepted Business

The Company's technical provision calculation allows for business that is bound but not yet incepted ("BBNI") at the valuation date.

The premium provisions include the future premium cashflows in respect of the BBNI business up to the relevant contract boundary.

(4) Future loss and allocated loss adjustment expense

Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP Loss Reserves in order to calculate claims provisions. The Company does not consider that there are any implicit or explicit margins in the GAAP Loss Reserves.

Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP unearned premium reserves and BBNI premium in order to calculate premium provisions. The projection uses business planning assumptions in respect of future loss ratios on unearned premium reserves and not yet incepted business.

(5) ENIDs

The Solvency II technical provisions must allow for events not in data ("ENIDs"). These are possible future events which are not included in historical data. An ENID loading has been derived by the Company using a truncated distribution approach and is applied to future claim cashflows in both the claims provisions and premium provisions.

(6) Expenses

Acquisition costs directly attributable to the future premium receivable are determined based on the terms of the contracts which generate the premium receivable.

In addition, an allowance for unallocated loss adjustment expenses, administrative expenses and investment management expenses associated with the settlement of the best estimate liabilities is included in the technical provisions.

The Quota Share with Somers Re has been endorsed to clarify inclusion in the cover up to a maximum percentage of the incurred loss in case of the commencement of Run-Off for the Company. The Company is currently not in Run-Off.

(7) Impact of Reinsurance

The Company's reinsurance program consists of proportional reinsurance and non-proportional cover. Fixed percentage ceding acquisition expenses apply to the proportional reinsurance cover. In general, ceded cashflows are derived proportionally from gross cashflows. Exceptions to this approach are (i) ceded acquisition costs which are derived from the product of ceded premiums and the ceded acquisition expense percentage, and (ii) GAAP ceded balances receivable / payable which are analysed by their settlement terms to determine the portion of the balance not yet due for settlement and which should be included in ceded technical provisions.

(8) Adjustment for counterparty default

An adjustment for counterparty default is applied to the ceded technical provisions. The adjustment for counterparty default uses the Probability of Default ("PD") consistent with the Credit Quality Steps specified in EIOPA guidance in respect of the AM Best financial strength rating for reinsurance counterparties. An assumption was made in this adjustment that the Loss Given Default ("LGD") in the case of a counterparty defaulting on its obligations would represent 50% of the amount of exposure to that counterparty.

(9) Risk margin

The Risk Margin is calculated based on the Level 3 of Simplifications in the EIOPA guidance which projects future SCR values based on the assumption that the SCR to Net BEL ratio is constant through time. A ratio of SCR to Net BEL is determined as of the valuation date. This ratio is applied to future BEL estimates at each 1 year interval until liabilities are fully runoff to estimate future SCR requirements. A 4% cost of capital is applied to all SCR estimates through time to

estimate the cost of capital to support the liabilities. The resulting series of costs of capital requirements are present valued to the valuation date using the yield curve for the reporting currency of the company with a 1-year lag per the EIOPA guidance material.

(10) *Allocation to Lines of Business*

WICE writes motor business, which for Solvency II reporting purposes is required to be split into Motor Liability and Other Motor. It is not common practice in the UK and Irish markets to rate motor business on this basis.

The split between Liability and Other has therefore been derived by reference to claims heads of damage, with Third Party Property Damage and Bodily Injury being allocated to Liability and Accidental Damage, Windscreen, Fire and Theft being allocated Other Motor.

D.2.3 Material Changes since Last Reporting Period

There have been no material changes in the basis for calculation of technical provisions during the period.

D.2.4 Level of Uncertainty

Uncertainty in technical provisions arises from a number of sources:

- The estimates for outstanding losses are based on known information at the balance sheet date. Ultimate settlement of these claims may differ from these estimates
- The estimates for future losses on both expired and unexpired business are based on actuarial assumptions reflecting past performance and anticipated future changes. These assumptions may ultimately prove to differ from actual experience
- The estimates for expenses are based on reasonable judgement reflecting past experience and on assumptions as to the run-off period. Either of these factors may differ from ultimate experience
- Events not in data are, by their nature unpredictable and any allowance made could prove to be over-prudent or insufficient
- The legislative and market environment in which WICE operates has been subject to material changes in the past, which could impact best estimates and projected future cash flows

WICE follows a robust process in determining the appropriate assumptions underlying the calculation of technical provisions. Actual performance is monitored against expectations on an ongoing basis to ensure assumptions are updated as required.

Stress testing was performed on the Solvency II Technical Provisions as at 30 September 2024 in order to give an indication of sensitivity around loss ratio assumptions.

The following table shows net TPs in stressed scenarios (loss ratios 5% and 10% higher than expected). The table takes account of sliding scale commissions, which provide the Company with some protection against moderate loss ratio movements.

2024YE	Base Case (£'000)	Losses + 5% (£'000)	Losses + 10% (£'000)
Net Best Estimate Liability	33,856	35,060	36,918
Impact		1,204	3,062

The above results of sensitivity testing should be considered in the context of the Company's solvency profile. As at 31 December 2024, the Company's SCR was £28.8m, against which it held eligible own funds of £46.1m, equating to SCR coverage of 160% (158.7% excluding tier 2 capital). Without considering the impact on the SCR, the more extreme of the scenarios above (losses 10% higher than expected), would reduce the SCR coverage ratio to 160% (or 149% excluding tier 2 capital).

D.2.5 Material Differences between GAAP and Solvency II

Whilst some of the approaches and techniques applied under Solvency II are similar to those followed under the existing GAAP rules, there are other rules where there will be significant changes. These include:

- Movement to a cash flow basis for valuation of both gross business and reinsurance;
- Removal of any implicit or explicit margins within technical provisions to give a “true best estimate” for solvency purposes, defined as the mean of the full range of possible future outcomes;
- Introduction of the valuation of very low probability extreme events including latent claims, referred to as an allowance for “events not in data” or ENIDs;
- Removal of the requirements to hold an unearned premium reserve and to allow for other non-monetary items. These are replaced by “premium provisions”, valued on a best estimate basis. This also includes a requirement to take account of all future premium cash inflows;
- Movement to recognising contracts on a “legal obligation basis”. This will mean the inclusion of business currently not valued as part of technical provisions – for example 1 January renewals entered into prior to a 31 December valuation, also referred to as “bound but not incepted” business;
- Inclusion of run-off expenses in technical provisions;
- Introduction of discounting of cash flows, leading to increased volatility in reserves;
- Setting off of insurance and intermediaries receivables and reinsurance receivables and payables against gross technical provisions and reinsurance technical provisions;
- Introduction of the principle of a market consistent basis and calculation of a “risk margin”; and
- Valuation of liabilities segmented by at least Solvency II lines of business.

The table below shows the movement from GAAP gross technical provisions to Solvency II gross technical provisions. Note that an audit adjustment was made to the final GAAP financials to reflect payments from claims agents in the period. This was an accounting adjustment made outside of our data warehouse and therefore is not reflect in the Technical Provisions. This adjustment was a reallocation and did not impact Own Funds.

2024 Technical Provisions GAAP to Solvency II	Gross £'000	Ceded £'000	Net £'000
Claims Provisions	311,639	287,345	24,294
Premium Provisions	56,655	47,093	9,562
Risk Margin	2,017	-	2,017
Solvency II Technical Provisions	370,310	334,438	35,872
GAAP Reserves (Losses and ALAE)	345,085	321,828	23,257
Audit adjustment reversal	6,216	6,216	-
Remove margins			-
Allowance for ENID	4,889	4,556	333
Change of Expense Basis	7,026	4,804	2,222
Adjustment for Counterparty Default	-	(125)	125
Reinsurance Receivables/Payables	-	-	-
Discounting impact	(51,576)	(49,934)	(1,643)
Solvency II Claims Provisions	311,639	287,345	24,294
GAAP Reserves (Unearned Premium)	156,709	321,828	(165,119)
Remove Unearned Premium Reserve	(156,709)	(321,828)	165,119
Future Premium (net of Acquisition Costs)	(51,687)	(46,247)	(5,440)
Future Losses and ALAE	109,502	96,361	13,141
Remove margins			-
Allowance for ENID	1,549	1,358	191
Change of Expense Basis	2,570	210	2,359
Adjustment for Counterparty Default		(21)	21
Premium Receivables			
Reinsurance Receivables/Payables			
Discounting impact	(5,279)	(4,568)	(711)
Solvency II Premium Provision	56,654	47,093	9,562

This compares to the following corresponding table as at 31 December 2023:

2023 Technical Provisions GAAP to Solvency II	Gross £'000	Ceded £'000	Net £'000
Claims Provisions	247,249	230,457	16,792
Premium Provisions	38,189	30,611	7,578
Risk Margin	1,470	-	1,470
Solvency II Technical Provisions	286,907	261,068	25,839
GAAP Reserves (Losses and ALAE)	277,831	262,918	14,913
Remove margins	-	-	-
Allowance for ENID	3,757	3,548	209
Change of Expense Basis	5,557	2,859	2,697
Adjustment for Counterparty Default	-	(127)	127
Reinsurance Receivables/Payables	-	-	-
Discounting impact	(39,896)	(38,741)	(1,155)
Currency Revaluation	-	-	-
Remove booked ULAE	-	-	-
Solvency II Claims Provisions	247,248	230,457	16,792
GAAP Reserves (Unearned Premium)	132,991	124,295	8,696
Remove Unearned Premium Reserve	(132,991)	(124,295)	(8,696)
Future Premium (net of Acquisition Costs)	(51,902)	(50,609)	(1,292)
Future Losses and ALAE	91,427	84,130	7,297
Remove margins	-	-	-
Allowance for ENID	1,269	1,165	104
Change of Expense Basis	2,234	427	1,808
Adjustment for Counterparty Default	-	(17)	17
Premium Receivables	-	-	-
Reinsurance Receivables/Payables	-	-	-
Discounting impact	(4,840)	(4,485)	(355)
Solvency II Premium Provision	38,189	30,611	7,578

D.2.6 Transitional Adjustments

WICE does not make use of any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk-free interest rate term structure or transitional deduction.

D.3 Other liabilities

The table below sets out the value of the material liabilities of the Company as at 31 December 2024 under Solvency II and GAAP:

Other Liabilities (in GBP 000s)	2024 Solvency II	2024 GAAP	2023 Solvency II	2023 GAAP
Deposits from reinsurers	-	-		
Insurance & intermediaries payables	916	915	570	570
Reinsurance payables	31,150	65,215	17,539	66,783
Payables (trade, not insurance)	13,194	12,971	10,923	10,923
Other Liabilities **	-	25,203	226	24,763
Total Other Liabilities	45,260	104,304	29,258	103,039

The following are the bases, methods and main assumptions used for valuation of each material class of other liabilities for Solvency II purpose.

D.3.1 Insurance and Intermediaries Payables

As at 31 December 2024, the Company had £0.9 million (2023 - £0.6 million) of insurance and intermediaries payables, representing net amounts owed to business partners with respect to losses payable. These items are valued at fair value, being amounts assessed as payable based on the contract terms.

Key judgements and estimates involved in deriving the value of these items are the best estimate loss ratios of the underlying business, which are based on actuarial reviews.

There has been no change in the recognition and valuation basis during the period and the valuation under Solvency II is consistent with the accounting valuation under GAAP.

D.3.2 Reinsurance Payables

As at 31 December 2024, the Company had £31.1 million (2023 - £17.5 million) of reinsurance payables, being balances due to reinsurers. The Solvency II balance represents those amounts which are technically considered to be overdue, as WICE settles the inter-company Quota Share balance on a periodic basis, but not necessarily monthly. Hence the amount effectively considered to be overdue will vary over time.

The balance is valued at fair value, being the total amount payable above the reinsurer's share of premiums still to be collected, and does not require significant estimates or judgements in the valuation.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation. However, for Solvency II purposes, the amounts not considered overdue are set against technical provisions recoverable from reinsurers.

D.3.3 Trade Payables

As at 31 December 2024, the Company had trade payables of £13.0 million (2023 - £10.9 million), comprising IPT, other amounts owed and accrued expenses due post the reporting date. There are no estimations or judgements required for these items.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation.

D.3.4 Deferred ceded acquisition costs

As at 31 December 2024, the Company had deferred ceded acquisition costs of £25.2 million (2023 - £24.8m). In the financial statements ceded acquisition costs which represent commission and other related expenses are deferred over the period in which the related reinsurers' share of premiums are earned. To the extent that ceded acquisition costs are deferred and considered irrecoverable against the related reinsurers' share of unearned premiums, they are written off to net operating expenses as incurred.

The Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. As deferred ceded acquisition costs do not result in future cash flows, these amounts are therefore excluded from the Solvency II balance sheet.

There has been no change in the recognition and valuation basis during the period. The Solvency II balance represents the grossing up of items owed to business MGA partners.

D.4 Alternative methods for valuation

None.

D.5 Any other information

No other material information to report as of 31 December 2024.

SECTION E – CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Management of Own Funds

The Company has adopted a capital management policy setting out the methodology and procedures to provide oversight of the Company's Own Funds. The strategic objectives articulated in the capital management policy are (i) to ensure compliance with the Company's regulatory capital requirements, (ii) to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives as articulated in the Company's business plans; and (iii) to ensure access to capital markets on competitive terms, so that the Company's overall cost of capital is minimised. To achieve these objectives, the Company strives to maintain capital levels that are consistent with its risk appetite, corporate strategy and statutory minimum requirements, at both a point in time and on a forward-looking basis. The Company's time horizon for business planning is one year, however the capital planning horizon spans three years.

The Company has adopted a capital management plan which is reviewed annually and sets out the methodology and procedures to provide oversight of the Company's Own Funds. The capital management plan articulates solvency capital thresholds, corrective actions to be taken if the thresholds are reached and potential sources of capital for the Company and their estimated timeframe of realisation.

High level roles and responsibilities in relation to capital management activities are outlined below.

- Board. Sole responsibility for approving the capital management policy and plan. Overall responsibility for monitoring capital management. Reviews the capital management policy and plan. Responsible for reviewing and monitoring the key capital management metrics and tolerances and presenting key capital management information. Responsible for monitoring the alignment of the investment strategy with the capital management policy and plan, ensuring appropriate levels of capital to meet the Company's obligations.
- Finance Function. Responsible for producing the reports necessary for appropriate monitoring that the capital management policy is being followed and monitoring execution of the capital management plan.
- Risk Management Function. Responsible for maintaining and developing the capital management policy and plan. Responsible for maintaining the SCR and MCR calculations.

There have been no material changes to capital management during 2024.

E.1.2 Classification Own Funds

The Company's Own Funds consist mostly of Tier 1 Own Funds. It is comprised of paid-in ordinary share capital and economic surplus. Own funds have increased significantly during the year due to a £6 million capital injection received in Q4 2024. There is a small Tier 2 balance to bring the solvency ratio to 160% in accordance with the terms of the capital commitment deed, as well as a Tier 3 balance which is comprised solely of a deferred tax asset.

Composition of Own Funds		Year Ended 31/12/2024				Year Ended 31/12/2023			
Own Funds (£'000)	Total	Tier 1	Tier 2	Tier 3		Total	Tier 1	Tier 2	Tier 3
Paid-in ordinary share capital	46,351	46,351				40,351	40,351		
Share premium account related to ordinary share capital	0	0				0	0		
Reconciliation Reserve:	(719)	(719)				(3,211)	(3,211)		
Ancillary own funds	53		53					0	
Net Deferred Tax Assets	326			326		306			306
Total Own Funds	46,011	45,632	53	326		37,445	37,139	0	306

The reconciliation reserve equals the excess of assets over liabilities less other Own Fund items as at the reporting date and represents retained earnings less adjustments from GAAP to Solvency II valuation.

There are no foreseeable or planned dividends.

E.1.3 Terms and Conditions of Own Funds

Own funds do not have any terms or conditions attached, as they comprise solely of ordinary share capital, the reconciliation reserve and deferred tax. As such, the own funds are not redeemable and do not carry any guaranteed dividend or other return and are fully loss absorbing.

E.1.4 Differences in Own Funds between Financial Statements and Solvency II Valuation

The difference between the equity shown in the Company's financial statements and the excess of the assets over liabilities as calculated for solvency purposes arises due to the valuation of technical provisions, the ineligibility of the deferred acquisition costs and the adjustment to the deferred tax asset.

Differences in Own Funds (£'000)	Year Ended 31/12/2024	Year Ended 31/12/2023
Equity shown in Financial Statements	47,857	39,588
Asset Valuation	513	298
Technical Provisions Valuation	2,298	(2,229)
Receivables & Payables	(5,988)	(1,207)
Deferred Tax Asset	326	306
Deferred Acquisition Costs Eligibility	943	(23,549)
Other	63	24,239
Excess of Assets over Liabilities for solvency purposes	46,012	37,445

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Calculation of SCR and MCR

In respect of the calculation of the SCR and MCR:

- The Company uses the Standard Formula.
- Undertaking-specific parameters are not used.
- No capital add-ons are applied to the SCR figures.
- The simplifications outlined in Articles 107, 108, 110, 111 and 112 Commission Delegated Regulation (EU) 2015/35 apply to the Counterparty default risk sub-module.
- No simplifications have been used in the other risk sub-modules.
- The MCR is calculated initially based on the calculation of the Linear MCR based on the best estimate technical provisions and the net written premiums in the last 12 months. Then a floor of 25% of the SCR and a cap of 45% of the SCR is applied with an absolute floor of €3.7m also applied to derive the final MCR requirement.

E.2.2 Amount of SCR and MCR

As at 31 December 2024, a breakdown of SCR by risk category is set out in the following table:

Risk Category	2024 SCR (£'000)	2023 SCR (£'000)
Market risk	2,390	1,739
Counterparty default risk	13,319	10,661
Life underwriting risk	-	-
Health underwriting risk	-	-
Non-life underwriting risk	11,457	7,337
Diversification	(5,020)	(3,477)
Basic Solvency Capital Requirement	22,147	16,260
Operational risk	6,644	4,878
Loss-absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	28,790	21,139

WICE's SCR has decreased during the period largely as a result of reduced counterparty default risk on funds held and other receivable balances. This was offset in part by the slight increase in Non-life underwriting risk due to the growth in projected volumes. The MCR has also decreased for the same reasons.

E.2.3 Inputs used to Calculate the MCR

The following inputs have been used to calculate the MCR:

MCR Calculation (GBP 000s)		
Year-End 2024	Net of Reinsurance	Net written premiums
Line of Business	Best Estimate TPs	last 12 months
Motor vehicle liability	30,899	23,565
Other motor	3,816	3,175
Fire and other damage to property	-	3,607
General liability	155	54
Assistance	-	16
Miscellaneous financial loss	458	1,085
Linear MCR		5,878
SCR		28,790
Combined MCR		7,198
Absolute Floor of the MCR		3,500
Minimum Capital Requirement		7,198

The comparative for 31 December 2023 was:

MCR Calculation (GBP 000s)		
Year-End 2023	Net of Reinsurance	Net written premiums
Line of Business	Best Estimate TPs	last 12 months
Motor vehicle liability	15,106	12,102
Other motor	1,905	1,644
Fire and other damage to property	6,376	4,648
General liability	389	392
Miscellaneous financial loss	583	976
Linear MCR		3,958
SCR		21,139
Combined MCR		5,285
Absolute Floor of the MCR		3,495
Minimum Capital Requirement		5,285

E.2.4 SCR ratio and MCR ratio

As at 31 December 2024, the ratio of eligible Own Funds to SCR and MCR is summarized in the following table.

	2024	2023
Solvency Coverage	(£'000)	(£'000)
Total eligible own funds to meet the SCR	46,065	37,445
Total eligible own funds to meet the MCR	45,685	37,139
SCR	28,790	21,139
MCR	7,198	5,285
Ratio of Eligible own funds to SCR	160%	177%
Ratio of Eligible own funds to MCR	635%	703%

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The duration-based equity risk sub-module is not used in the calculation of the SCR.

E.4 Differences between the standard formula and any internal model used

Not applicable.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Company complied with the Solvency Capital Requirement and Minimum Capital Requirement during 2024.

E.6 Any other information

No other material information to report as of 31 December 2024.

APPENDIX 1 – QUANTITATIVE REPORTING TEMPLATES

Watford Insurance Company Europe Ltd.

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Watford Insurance Company Europe Ltd.
Entity identification code and type of code	LEI/213800RLTETCAMJ4PS30
Type of undertaking	Non-life undertakings
Country of incorporation	GI
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

-

IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	
R0040	Deferred tax assets	326
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	32,696
R0080	<i>Property (other than for own use)</i>	
R0090	<i>Holdings in related undertakings, including participations</i>	
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	32,630
R0140	<i>Government Bonds</i>	3,525
R0150	<i>Corporate Bonds</i>	28,831
R0160	<i>Structured notes</i>	
R0170	<i>Collateralised securities</i>	274
R0180	<i>Collective Investments Undertakings</i>	66
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	
R0210	<i>Other investments</i>	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	334,438
R0280	<i>Non-life and health similar to non-life</i>	334,438
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	23,479
R0360	Insurance and intermediaries receivables	11,451
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	14,662
R0420	Any other assets, not elsewhere shown	44,530
R0500	Total assets	461,582

		Solvency II value
Liabilities		C0010
R0505	Technical provisions - total	370,310
R0510	<i>Technical provisions - non-life</i>	370,310
R0515	<i>Technical provisions - life</i>	0
R0542	Best estimate - total	368,294
R0544	<i>Best estimate - non-life</i>	368,294
R0546	<i>Best estimate - life</i>	
R0552	Risk margin - total	2,017
R0554	<i>Risk margin - non-life</i>	2,017
R0556	<i>Risk margin - life</i>	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	916
R0830	Reinsurance payables	31,150
R0840	Payables (trade, not insurance)	13,194
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	415,570
R1000	Excess of assets over liabilities	46,012

IR.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

R0010	Home Country	C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		GB	IE	RO	FR			
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
R0110	Gross - Direct Business		333,775	-5				333,770
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share		302,277	-4				302,273
R0200	Net	0	31,497	0	0	0		31,497
Premiums earned								
R0210	Gross - Direct Business		309,939	-5		118		310,052
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share		284,666	-4		110		284,772
R0300	Net	0	25,273	0	0	8		25,281
Claims incurred								
R0310	Gross - Direct Business		240,885	-1,475	156	318		239,884
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share		218,820	-1,364	148	294		217,898
R0400	Net	0	22,065	-111	8	24		21,986
R0550	Net expenses incurred		2,077	54		0		2,131

Non-life income and expenditure : reporting period

[illegible]

Non-life income and expenditure : reporting period

R1310 Total expenditure

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																		
Premium provisions																		
R0060	Gross				48,223	5,812		1,664	-1				4	951				56,655
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				37,596	4,625		4,246	0				14	612				47,093
R0150	Net Best Estimate of Premium Provisions				10,627	1,187		-2,582	0				-9	339				9,562
Claims provisions																		
R0160	Gross				245,601	31,816		18,810	5,738				130	9,543				311,639
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				225,329	29,186		17,695	5,584				127	9,425				287,345
R0250	Net Best Estimate of Claims Provisions				20,272	2,630		1,115	155				3	119				24,294
R0260	Total best estimate - gross				293,825	37,627		20,475	5,738				135	10,495				368,294
R0270	Total best estimate - net				30,899	3,816		-1,466	155				-6	458				33,856
R0280	Risk margin				829	1,063		80	10				1	34				2,017
R0320	Technical provisions - total				294,654	38,690		20,554	5,748				135	10,528				370,310
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				262,925	33,811		21,941	5,583				141	10,037				334,438
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total				31,728	4,879		-1,387	165				-6	492				35,872

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year Underwriting year

Gross Claims Paid (non-cumulative)															
(absolute amount)															
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
Year		Development year										In Current year	Sum of years (cumulative)		
		0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											0	0	0	
R0160	-9	7	2,737	2,191	1,524	444	1,430	261	266	114	276		276	9,251	
R0170	-8	4,173	17,444	13,695	5,619	4,554	3,548	2,448	6,029	914			914	58,424	
R0180	-7	1,833	17,386	5,310	2,455	2,289	2,781	3,591	-179				-179	35,466	
R0190	-6	15,567	53,559	23,159	10,903	11,814	13,610	18,406					18,406	147,019	
R0200	-5	16,204	52,439	19,274	9,916	8,909	7,023						7,023	113,765	
R0210	-4	12,159	49,319	26,833	13,857	10,291							10,291	112,459	
R0220	-3	11,316	32,099	24,281	17,725								17,725	85,421	
R0230	-2	10,911	40,938	26,242									26,242	78,091	
R0240	-1	16,706	63,674										63,674	80,379	
R0250	0	27,351											27,351	27,351	
R0260													Total	171,724	747,627

Gross Undiscounted Best Estimate Claims Provisions															
(absolute amount)															
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
Year		Development year										Year end (discounted data)			
		0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											0	0		
R0160	-9	0	4,557	2,803	1,777	579	1,214	1,716	1,858	2,069	2,125		1,808		
R0170	-8	8,810	31,629	28,563	2,453	19,870	15,893	14,729	8,311	8,575			6,529		
R0180	-7	9,643	12,511	1,157	8,908	7,902	4,985	1,577	1,392				262		
R0190	-6	43,422	6,506	66,709	58,660	46,027	34,539	20,058					16,780		
R0200	-5	3,623	54,359	42,613	35,715	34,526	37,004						24,284		
R0210	-4	45,441	59,060	53,422	36,974	31,851							24,768		
R0220	-3	31,461	56,987	54,066	39,179								33,128		
R0230	-2	37,362	65,505	53,551									47,247		
R0240	-1	49,577	86,700										78,235		
R0250	0	82,780											78,599		
R0260													Total	311,639	

IR.19.01.21.22				
Gross premium			C0570	C0580
			Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0160	N-9		0	0
R0170	N-8		0	0
R0180	N-7		0	0
R0190	N-6		-2	-1
R0200	N-5		0	0
R0210	N-4		-29	-14
R0220	N-3		-135	-69
R0230	N-2		21,002	10,639
R0240	N-1		139,056	70,318
R0250	N		150,042	75,835

IR.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
46,351	46,351		0	
53	0		53	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-718	-718			
0		0	0	0
326				326
0	0	0	0	0
0				
46,012	45,632	0	53	326

0			
0			
0			
0			
53		53	
0			
0			
0			
0			
53		53	0

46,065	45,632	0	107	326
45,686	45,632	0	53	
46,065	45,632	0	107	326
45,686	45,632	0	53	

28,790
7,198
160.00%
634.74%

C0060
46,012
0
46,730
0
-718

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	Market risk	C0010
R0070	Interest rate risk	885
R0080	Equity risk	28
R0090	Property risk	0
R0100	Spread risk	1,785
R0110	Concentration risk	20
R0120	Currency risk	47
R0125	Other market risk	
R0130	Diversification within market risk	-374
R0140	Total Market risk	2,390
	Counterparty default risk	
R0150	Type 1 exposures	11,982
R0160	Type 2 exposures	1,718
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-381
R0180	Total Counterparty default risk	13,319
	Life underwriting risk	
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	Total Life underwriting risk	0
	Health underwriting risk	
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	Total Health underwriting risk	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	11,368
R0340	Non-life catastrophe risk	327
R0350	Lapse risk	257
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-494
R0370	Non-life underwriting risk	11,457
R0400	Intangible asset risk	
	Operational and other risks	
R0422	Operational risk	6,644
R0424	Other risks	
R0430	Total Operational and other risks	6,644
R0432	Total before all diversification	35,059
R0434	Total before diversification between risk modules	33,810
R0436	Diversification between risk modules	-5,020
R0438	Total after diversification	28,790
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	28,790
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	Solvency capital requirement including capital add-on	28,790
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

5,878

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

0	
0	
0	
30,899	23,565
3,816	3,175
0	
0	3,607
155	54
0	
0	
0	16
458	1,085
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

R0210	Obligations with profit participation - guaranteed benefits
R0220	Obligations with profit participation - future discretionary benefits
R0230	Index-linked and unit-linked insurance obligations
R0240	Other life (re)insurance and health (re)insurance obligations
R0250	Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

C0070

R0300	Linear MCR
R0310	SCR
R0320	MCR cap
R0330	MCR floor
R0340	Combined MCR
R0350	Absolute floor of the MCR
R0400	Minimum Capital Requirement

5,878
28,790
12,956
7,198
7,198
3,500
7,198